

9522. By Mr. COCHRAN of Pennsylvania: Petition of various citizens of Kennard, Greenville, and Hadley, Pa., urging the passage of the stop-alien-representation amendment to the United States Constitution to cut out the 6,280,000 aliens in this country and count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

9523. By Mr. CONDON: Petition of Howard H. Dawley and 58 other citizens of Rhode Island, protesting against any reduction or repeal of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9524. Also, petition of Robert E. Quinn and 92 other citizens of Rhode Island, protesting against any reduction or repeal of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9525. Also, petition of Timothy V. Hughes and 207 other citizens of Rhode Island, protesting against any reduction or repeal of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9526. By Mr. DELANEY: Petition of the F. H. Vahlsing Co., growers, shippers, and receivers, protesting against all legislation seeking to establish Government in business, and especially that of fresh fruit and vegetables; to the Committee on Agriculture.

9527. By Mr. DEROUEN: Petition of pastor and congregation of Trinity Baptist Church, Lake Charles, La., praying that no action, looking to the repeal of the eighteenth amendment or the modification of any of the prohibition laws, be taken; to the Committee on the Judiciary.

9528. By Mr. GARBER: Petition urging support of railway pension bills, S. 4646 and H. R. 9891; to the Committee on Interstate and Foreign Commerce.

9529. By Mr. KENNEDY of New York: Petition of Lawyers' Association of New York County; to the Committee on Banking and Currency.

9530. By Mr. KVALE: Petition of Independent Bankers' Association of Minnesota, protesting against the legalization of branch banking; to the Committee on Banking and Currency.

9531. Also, petition of Renville County Tax Reducing Association of Minnesota, urging enactment of the Frazier bill; to the Committee on Banking and Currency.

9532. Also, petition of Renville County Tax Reducing Association of Minnesota, urging reduction in cost of governmental operations; to the Committee on Expenditures in the Executive Departments.

9533. Also, petition of the Chamber of Commerce of Duluth, Minn., urging a program of adequate national defense; to the Committee on Military Affairs.

9534. Also, petition of the Community Club, of Waseca, Minn., protesting against the enactment of the Glass bill; to the Committee on Banking and Currency.

9535. Also, petition of Chippewa County Taxpayers' Association, Chippewa County, Minn., urging curtailment of the tax burden and a more judicious expenditure of the revenue thereof; to the Committee on Ways and Means.

9536. By Mr. LINDSAY: Petition of New York Mercantile Exchange, New York City, opposing the domestic-allotment plan for agriculture; to the Committee on Agriculture.

9537. Also, petition of Bacon & Trubenbach (Inc.), canned foods and dried fruits brokers, New York City, protesting against the importation of foreign canned foods; to the Committee on Agriculture.

9538. Also, petition of C. R. Curtis, eastern sales manager for the Mengel Co., of Louisville, Ky., suggesting exemption of tax on certain articles already taxed under existing laws; to the Committee on Ways and Means.

9539. Also, petition of Reserve Officers' Association of the United States, Department of New York, opposing any reduction of the national defense that would jeopardize our national existence; to the Committee on Military Affairs.

9540. By Mr. DEROUEN: Petition of the pastor and congregation of the First Baptist Church of Lake Charles, La.,

praying that no action looking to the repeal of the eighteenth amendment or the modification of any of the prohibition laws be taken; to the Committee on the Judiciary.

9541. By Mr. STRONG of Pennsylvania: Petition of citizens of Leechburg, Pa., favoring the amending of the Constitution of the United States to exclude aliens and count only American citizens when making future congressional apportionments; to the Committee on the Judiciary.

9542. By Mr. RUDD: Petition of the Reserve Officers' Association of the United States with reference to the national defense, against any reduction below the point which would jeopardize our very national existence, and make certain recommendations; to the Committee on Appropriations.

9543. Also, petition of the New York Mercantile Exchange, Paul R. Dillon, president, opposing the passage of the agriculture domestic-allotment plan; to the Committee on Agriculture.

9544. Also, petition of Franklin Council, No. 16, Junior Order of American Mechanics, Brooklyn, N. Y., favoring the passage of the Moore immigration bill, H. R. 10602, relative to immigration from Canada and Mexico; to the Committee on Immigration and Naturalization.

9545. By Mr. SPARKS: Petition of citizens of Burr Oak and Northbranch, Kans., and Guide Rock, Nebr., submitted by Sylvia E. Harris and Myrtle Dailey, and signed by 19 others, urging the passage of the stop-alien-representation amendment; to the Committee on the Judiciary.

9546. Also, petition of citizens of Delphos, Kans., submitted by Mrs. Ira Waychoff and Mrs. Anna Hollis, and signed by 16 others, favoring Federal supervision over the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

9547. Also, petition of patrons of the First National Bank of Hays, Kans., submitted by George H. Brown and signed by 49 others, requesting a repeal of the Federal check tax; to the Committee on Ways and Means.

9548. By the SPEAKER: Petition of the Council of the City of Naperville, Du Page County, Ill., urging that suitable legislation be enacted establishing a standard of integrity and sound economy of municipal bond issues, and giving to municipalities which meet such standard the same rights enjoyed by national banks to receive national currency on the pledge of their bonds; to the Committee on Banking and Currency.

SENATE

FRIDAY, JANUARY 13, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H. R. 13991) to aid agriculture and relieve the existing national economic emergency, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. FESS. Mr. President—

The VICE PRESIDENT. The Senator from Oklahoma [Mr. THOMAS] has the floor. Does he yield to the Senator from Ohio?

Mr. THOMAS of Oklahoma. I yield.

Mr. FESS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Bingham	Bulkeley	Connally
Austin	Black	Bulow	Coolidge
Bailey	Blaine	Byrnes	Copeland
Bankhead	Borah	Capper	Costigan
Barbour	Bratton	Caraway	Couzens
Barkley	Broussard	Carey	Cutting

Dale	Hawes	Moses	Smith
Davis	Hayden	Neely	Smoot
Dickinson	Hebert	Norbeck	Stelwer
Dill	Howell	Norris	Thomas, Idaho
Fess	Hull	Nye	Thomas, Okla.
Fletcher	Johnson	Oddie	Townsend
Frazier	Kendrick	Patterson	Trammell
George	Keyes	Pittman	Tydings
Glass	Kling	Reed	Vandenberg
Glenn	La Follette	Reynolds	Wagner
Goldsborough	Lewis	Robinson, Ark.	Walcott
Gore	Logan	Robinson, Ind.	Walsh, Mass.
Grammer	Long	Russell	Walsh, Mont.
Hale	McGill	Schall	Watson
Harrison	McKellar	Schuyler	Wheeler
Hastings	McNary	Sheppard	White
Hatfield	Metcalf	Shortridge	

Mr. LA FOLLETTE. I wish to announce that the senior Senator from Minnesota [Mr. SHIPSTEAD] is unavoidably absent. I ask that this announcement may stand for the day.

I also desire to announce that the senior Senator from Iowa [Mr. BROOKHART] is detained from the Senate on account of illness.

The VICE PRESIDENT. Ninety-one Senators have answered to their names. A quorum is present.

HOUSE BILL REFERRED

The bill (H. R. 13991) to aid agriculture and relieve the existing national economic emergency was read twice by its title and referred to the Committee on Agriculture and Forestry.

MEMORIAL SERVICES FOR THE LATE CALVIN COOLIDGE

The VICE PRESIDENT. The Senator from Oklahoma [Mr. THOMAS] has the floor.

Mr. WALSH of Massachusetts. Mr. President, I submit the following concurrent resolution.

The VICE PRESIDENT. Does the Senator from Oklahoma yield?

Mr. THOMAS of Oklahoma. I desire to yield for the transaction of all pertinent routine business, with the understanding that I do not lose the floor. I ask that the Vice President recognize whomsoever he pleases until morning business is transacted, with that understanding.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. WALSH of Massachusetts. Mr. President, I submit the concurrent resolution and ask that it be read.

Mr. BINGHAM. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BINGHAM. I am not sure that I understood the remark of the Senator from Oklahoma. If the Senator from Oklahoma yields for the passage of a resolution, does he not lose the floor?

The VICE PRESIDENT. The Senator from Oklahoma yielded with the distinct understanding that no objection would be made. No objection was made, and he therefore yielded for the transaction of routine morning business. If there is objection, the Senator from Oklahoma does not yield.

Mr. GLASS. Mr. President, reserving the right to object, may I know what request is now pending?

The VICE PRESIDENT. It is the request of the Senator from Massachusetts to have a Senate concurrent resolution read.

Mr. GLASS. I have no objection.

The VICE PRESIDENT. Let the concurrent resolution be read.

The concurrent resolution (S. Con. Res. 38) was read, as follows:

Resolved by the Senate (the House of Representatives concurring), That Monday, the 6th day of February, 1933, be set aside as the day upon which there shall be held a joint session of the Senate and the House of Representatives for appropriate exercises in commemoration of the life, character, and public service of the late Calvin Coolidge, former President of the United States.

That a joint committee, to consist of five Senators and seven Members of the House of Representatives, to be appointed by the Vice President and the Speaker of the House of Representatives, respectively, shall be named, with full power to make all arrange-

ments and publish a suitable program for the joint session of Congress herein authorized, and to issue the invitations herein-after mentioned.

That invitations shall be extended to the President of the United States, the members of the Cabinet, the Chief Justice and Associate Justices of the Supreme Court of the United States, and such other invitations shall be issued as to the said committee shall seem best.

That all expenses incurred by the committee in the execution of the provisions of this resolution shall be paid, one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives.

Mr. WALSH of Massachusetts. Mr. President, the resolution is in the form followed in similar cases. It follows the procedure in the cases following the death of the late President Harding and the late President Roosevelt. As the resolution involves expenditure from the funds of the Senate, I can not ask that it be considered now. I ask that it be referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

The VICE PRESIDENT. It will be so referred.

Mr. TOWNSEND subsequently said: Mr. President, from the Committee to Audit and Control the Contingent Expenses of the Senate, I report back favorably without amendment Senate Concurrent Resolution 38, providing for a joint session of the two Houses for appropriate exercises in commemoration of the life, character, and public service of the late President Calvin Coolidge; and I ask unanimous consent for its present consideration.

The concurrent resolution was considered by unanimous consent and unanimously agreed to.

THIRTEENTH ANNIVERSARY OF EIGHTEENTH AMENDMENT

Mr. SHEPPARD. Mr. President, on next Monday, January 16, nation-wide prohibition will have been in operation for 13 years. I desire to give notice that, pursuant to my usual custom, I shall address the Senate on that day, as soon as I can obtain recognition from the Chair, on the thirteenth anniversary of the adoption of the eighteenth amendment.

INVITATION TO MEMORIAL SERVICE FOR FORMER PRESIDENT COOLIDGE

The VICE PRESIDENT laid before the Senate a letter from Right Rev. James E. Freeman, Bishop of Washington, which was read and ordered to lie on the table, as follows:

BISHOP'S HOUSE, WASHINGTON CATHEDRAL,
MOUNT ST. ALBAN,
Washington, D. C., January 10, 1933.

MY DEAR MR. VICE PRESIDENT: A memorial service for the people of the Capital of the Nation in tribute to the Hon. Calvin Coolidge, thirtieth President of the United States, will be held in the great choir of Washington Cathedral on Mount St. Alban next Sunday afternoon, January 15, at 4 o'clock.

It gives me great pleasure to extend through you a cordial invitation to your colleagues in the Senate to attend this service in commemoration of the life and notable public service of Mr. Coolidge.

With cordial expressions of esteem, I am,
Faithfully yours,

JAMES E. FREEMAN,
Bishop of Washington.

The Hon. CHARLES CURTIS,
Vice President's Office, United States Capitol,
Washington, D. C.

CHAIN-STORE MARKETING SYSTEM (S. DOC. NO. 170)

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Federal Trade Commission, transmitting, pursuant to Senate Resolution 224, Seventieth Congress, first session, a report on Comparative Quality of Manufacturers', Chains, and Other Distributors' Brands of Canned Vegetables and Fruits, which, with the accompanying report, was referred to the Committee on the Judiciary and ordered to be printed.

CHANGE IN DATE OF THE INAUGURATION

The VICE PRESIDENT laid before the Senate a letter from the Governor of North Carolina, transmitting certified copy of a joint resolution of the Legislature of the State of North Carolina ratifying a proposed amendment to the Constitution of the United States, fixing the commencement of the terms of President and Vice President, and Members of

the Congress, which, with the accompanying papers, was ordered to lie on the table and to be printed in the RECORD, as follows:

STATE OF NORTH CAROLINA, GOVERNOR'S OFFICE,
Raleigh, January 11, 1933.

The Hon. CHARLES CURTIS,

Vice President of the United States, Washington, D. C.

MY DEAR MR. VICE PRESIDENT: I have the honor to transmit a certified copy of a joint resolution ratifying a proposed amendment to the Constitution of the United States, fixing commencement of the terms of the President and Vice President and the Members of Congress.

Respectfully yours,

J. C. B. EHRLINGHAUS,
Governor of North Carolina.

Resolution No. 1

H. R. 4. A joint resolution ratifying a proposed amendment to the Constitution of the United States of America, fixing commencement of the terms of the President and Vice President and Members of Congress

Whereas the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), propose the following amendment to the Constitution of the United States of America, to become valid as part of the said Constitution when ratified by the legislatures of the several States as provided in the Constitution, in words as follows, to wit:

"Resolved by the Senate and the House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein),

"SECTION 1. That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as part of the Constitution when ratified by the legislatures of the several States, as provided in the Constitution:

"ARTICLE —

"SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of the Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"SEC. 3. If at the time fixed for the beginning of the term of the President the President elect shall have died the Vice President elect shall become President. If a President shall have not been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have been qualified; and Congress may by law provide for the case wherein neither a President elect or a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have been devolved upon them, and for the case of the death of any of the persons from whom the Senate shall choose for Vice President whenever the right of choice shall devolve upon them.

"SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission."

Therefore, the General Assembly of North Carolina do enact:

SECTION 1. That the said proposed amendment to the Constitution of the United States of America be, and the same is, hereby ratified by the General Assembly of the State of North Carolina.

SEC. 2. That certified copies of this preamble and joint resolution be forwarded by the governor of this State to the Secretary of State at Washington, to the Presiding Officer of the United States Senate, and to the Speaker of the House of Representatives of the United States.

In the general assembly read three times and ratified this 5th day of January, 1933.

A. H. GRAHAM,
President of the Senate.
R. L. HARRIS,
Speaker of the House of Representatives.

STATE OF NORTH CAROLINA,
DEPARTMENT OF STATE.

I, Stacey W. Wade, secretary of state of the State of North Carolina, do hereby certify the foregoing and attached (three sheets) to be a true copy from the records of this office.

In witness whereof I have hereunto set my hand and affixed my official seal.

Done in office at Raleigh this 9th day of January, A. D. 1933.

[SEAL.]

STACEY W. WADE,
Secretary of State.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate memorials of sundry citizens of the District of Columbia, remonstrating against the repeal of the eighteenth amendment to the Constitution or the return of the liquor traffic in the District of Columbia in any form whatever, which were ordered to lie on the table.

He also laid before the Senate the petition of stockholders of the Randolph National Farm Loan Association, of Winchester, Ind., praying an amendment to the Federal farm loan act reducing the interest on prevailing loans at the rates of 5, 5½, and 6 per cent to 3 per cent for a period of two years, etc., which was referred to the Committee on Banking and Currency.

Mr. BINGHAM presented a resolution adopted by Groton Post, No. 114, the American Legion, of Groton, Conn., opposing any reductions in compensation paid to ex-service men, and also the action and methods of the National Economy League and the United States Chamber of Commerce in connection with such proposed reductions, which was referred to the Committee on Finance.

He also presented a resolution adopted by the American Legion, Department of Connecticut, expressing their faith in the principles of the national defense act and protesting against attempts to further deplete any part of existing national defense activities, which was referred to the Committee on Military Affairs.

Mr. CAPPER presented the petition of the Woman's Home Missionary Society of Dwight, Kans., praying for the prompt ratification of the World Court protocols, which was ordered to lie on the table.

He also presented petitions of members of the Seventh-day Adventist Church and sundry citizens of Kansas City, members of the Monthly Meeting of the Friends Church of Haviland, and sundry citizens of Galena and Rush County, all in the State of Kansas, remonstrating against repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were referred to the Committee on the Judiciary.

Mr. COPELAND presented a resolution adopted by Franklin Council, No. 16, Junior Order United American Mechanics, of Brooklyn, N. Y., praying for the passage of House bill 10602, known as the Moore bill, relative to immigration from Canada and Mexico, which was referred to the Committee on Immigration.

He also presented a resolution adopted by subdistrict No. 15-A of the Dairymen's League Cooperative Association, assembled at Batavia, N. Y., favoring the passage of legislation to revalue the dollar at a level more in keeping with that at which debts were contracted, which was referred to the Committee on Banking and Currency.

He also presented a petition of sundry citizens of Breesport and Elmira, N. Y., praying for adoption of the so-called stop-alien-representation amendment to the Constitution, which was referred to the Committee on the Judiciary.

He also presented a memorial of sundry citizens of Cha-teaugay, N. Y., remonstrating against the repeal of the eighteenth amendment of the Constitution or repeal or modification of the national prohibition law, which was referred to the Committee on the Judiciary.

He also presented memorials of sundry citizens of Niagara Falls and Oswego, all in the State of New York, remonstrating against the repeal of the eighteenth amendment of the Constitution or the repeal or modification of the national prohibition law, which were referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Roanoke Regular Democratic Club, of Richmond Hill, N. Y., favoring the prompt repeal of the eighteenth amendment to the Constitution, which was ordered to lie on the table.

He also presented the petition of members of Saugerties Chapter, Daughters of the American Revolution, of Saugerties, N. Y., praying for the passage of the so-called Dies bill, being House bill 12044, to provide for the exclusion and expulsion of alien communists, which was ordered to lie on the table.

He also presented a resolution adopted by the Woman's Club of Schenectady, N. Y., praying for the prompt ratification of the World Court protocols, which was ordered to lie on the table.

He also presented a resolution adopted by the Roanoke Regular Democratic Club, of Richmond Hill, N. Y., protesting against any additional pay cuts in the salaries of Federal employees, which was ordered to lie on the table.

Mr. NEELY presented telegrams in the nature of memorials from the Kanawha Banking & Trust Co., the Security Bank & Trust Co., the National Bank of Commerce, and Angus MacDonald, all of Charleston, W. Va., remonstrating against the adoption of certain sections of the banking bill (S. 4412) now pending in the Senate, which were ordered to lie on the table and to be printed in the RECORD, as follows:

CHARLESTON, W. VA., January 12, 1933.

Hon. M. M. NEELY,
United States Senate:

The officers and directors of the undersigned object to Glass bill in entirety because it attempts too many and too drastic changes. We, however, specifically object to the following sections: Section 2 affiliates section, 12b Federal Liquidating Corporation, and section 19 branch banking. We respectfully request your opposition to above sections.

KANAWHA BANKING & TRUST CO.

CHARLESTON, W. VA., January 13, 1933.

Hon. M. M. NEELY,
United States Senator:

We have many objections to Glass bill, particularly, however, that it attempts too many drastic changes. We especially object to section 19 branch-banking section, 2 affiliates section, 12b Federal Liquidating Corporation. Will much appreciate your opposition to these sections particularly.

THE SECURITY BANK & TRUST CO.

CHARLESTON, W. VA., January 13, 1933.

Hon. M. M. NEELY,
United States Senator:

We oppose passage Glass bill, present form, and particularly object to section 19 branch-banking section, 2 affiliate section, 12b Federal Liquidating Corporation, and respectfully solicit your assistance in defeating same.

NATIONAL BANK OF COMMERCE.

CHARLESTON, W. VA., January 13, 1933.

Senator MATTHEW M. NEELY:

Would appreciate your voting against Glass currency bill unless section 19 is stricken therefrom. Believe this inimical to good banking.

ANGUS MACDONALD.

RIVER AND HARBOR WORK UNDER ENGINEER CORPS OF THE ARMY

Mr. FLETCHER presented resolutions adopted by the Reserve Officers Association of Jacksonville, Fla., which were referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

RESERVE OFFICERS ASSOCIATION,
Jacksonville, Fla.

Resolution

Whereas the Reserve Officers Association of Jacksonville, Fla., has carefully considered the President's Executive order which contemplates a transfer of the functions of the United States Corps of Engineers in respect to river and harbor work; and

Whereas this association unanimously disapproves of such change: Be it

Resolved, That the Committee on Expenditures in the House of Representatives be urged to adopt a combination of the Dies and of the Mansfield resolutions or any other resolutions which will prevent the transfer of the present duties and responsibilities of the Corps of Engineers with relation to the river and harbor work of the Nation; be it further

Resolved, That the Reserve Officers Association of Jacksonville hereby expresses its approval of the conduct of the river and harbor work by the Corps of Engineers and that it considers it essential from a standpoint of national defense that the Engineer Corps continue to have the experience which they gain in handling the river and harbor work, where for many decades they have demonstrated their ability to efficiently and economically handle this work; be it further

Resolved, That a copy of this resolution be sent to the Committee on Expenditures in the House and to the Florida Representatives in Congress.

D. A. McELROY,
First Lieutenant, Infantry Reserve, Secretary.

REFINANCING FARM INDEBTEDNESS

Mr. FRAZIER. I ask unanimous consent to have printed in the RECORD a resolution adopted by the Legislature of the State of North Dakota on January 7, 1933, requesting the legislatures of other States to memorialize Congress to pass Senate bill 1197, for the refinancing of farm mortgages. I have made one correction in the preamble of the resolution to include Nevada among the States whose legislatures have memorialized Congress to pass Senate bill 1197.

There being no objection, the resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

MEMORIAL TO THE MEMBERS OF STATE LEGISLATURES URGING STATE LEGISLATURES TO MEMORIALIZE CONGRESS TO PASS SENATE BILL 1197, KNOWN AS THE FRAZIER BILL

SENATE RESOLUTION A-1

Introduced by C. W. Fine and E. E. Greene

Be it resolved by the Senate of the State of North Dakota (the House of Representatives concurring) that—

Whereas a crisis exists and hundreds of thousands of once prosperous farmers in this Nation have already lost their homes and their all by mortgage foreclosures because of the fact that the price of agricultural products has for years been below the cost of production, a condition that affects all of the people of this Nation and is largely responsible for the continuance of the depression; and

Whereas there is no adequate way of refinancing existing agricultural indebtedness and the farmers are at the mercy of their mortgagees and creditors; and

Whereas unless immediate relief is given thousands and hundreds of thousands of additional farmers will lose their farms and their homes and millions more will be forced into our cities and villages and the army of unemployed will necessarily increase to alarming proportions, precipitating a condition that threatens the very life of this Nation; and

Whereas the State Legislatures of Montana, North Dakota, Minnesota, Wisconsin, Nevada, and Illinois have each and all memorialized Congress to pass Senate bill No. 1197, known as the Frazier bill, without delay, which bill provides that existing farm indebtedness shall be refinanced by the Government of the United States at 1½ per cent interest and 1½ per cent principal on the amortization plan, not by issuing bonds and plunging the Nation further into debt, but by issuing Federal reserve notes the same as the Government now does for the banks through the Federal reserve bank: Now, therefore be it

Resolved, That the Legislative Assembly of the State of North Dakota respectfully requests and petitions the legislatures of the other States that have not already done so to memorialize Congress to pass Senate bill 1197 without delay, in order that the agricultural indebtedness of this Nation may be speedily liquidated and refinanced and agriculture saved from utter ruin and destruction and this depression brought to an intelligent and speedy end, and respectfully requests that the State legislatures cause copies of such memorial, after same has been passed, to be sent to the President of the United States, to the President of the Senate and the Speaker of the House, to Senator FRAZIER at Washington, D. C., and to WILLIAM LEMKE, Congressman elect, at Fargo, N. Dak.; be it further

Resolved, That the secretary of state cause sufficient copies of this resolution to be printed and that he cause to be mailed a copy to the President of the Senate and the Speaker of the House of each of the 42 States that have not as yet memorialized Congress to pass Senate bill 1197, requesting that said resolution be read before each of said bodies.

APPROPRIATIONS FOR LAND-GRANT COLLEGES

Mr. DAVIS presented a telegram from R. D. Hetzel, president of Pennsylvania College, State College, Pa., which was ordered to lie on the table and to be printed in the RECORD, as follows:

STATE COLLEGE, PA., January 13, 1933.

Senator J. J. DAVIS:

Senate committee amendment of Treasury and Post Office appropriation bill (H. R. 13520), eliminating continuation appropriations to land-grant colleges seriously threatens fundamental structure of these institutions. Earnestly beg you oppose this amendment. Believe my position supported by public opinion in Pennsylvania.

R. D. HETZEL,
President Pennsylvania College.

FLEET RESERVISTS IN THE NAVY

Mr. DAVIS presented a letter from G. S. Corbell, secretary Branch No. 1, Fleet Reserve Association, Philadelphia, Pa., which was ordered to lie on the table and to be printed in the RECORD, as follows:

FLEET RESERVE ASSOCIATION, BRANCH No. 1,
Philadelphia, Pa., January 11, 1933.

Senator JAMES J. DAVIS,

United States Senator, Washington, D. C.

DEAR SENATOR DAVIS: It is with a feeling of dismay that the members of the Fleet Reserve Association note the provisions of section 212, Senate economy act, which is now under consideration in your honorable assembly. Please permit me to not only protest, in the name of this association, against that section, but to point out a few personal phases of our situation that should have some influence with your attitude, as a matter of fair play.

You are probably aware that the majority of us fleet reservists enlisted in the Navy when very young, between the ages of 15 and 20 years. We lived and learned Navy for a period of not less than 16 years, but curiously enough, while so serving in the Navy we did not realize that the longer we remained in the Navy the greater the handicap we would encounter when we returned to civilian life to take up another occupation. That is not as it should be, but it is a fact, nevertheless, inasmuch as the greater number of our members have untold difficulties convincing employers engaged in commercial enterprise that a Navy man is fit for anything but the Navy. In desperation many of our members turned to that person whom they had served so loyally for many years, not 8 hours a day but 24 hours a day, under any conditions and circumstances—Uncle Sam. They found employment in the civil service and continued to serve their country loyally and efficiently, as may be proven by the records. They have been a decided asset to the efficiency of that service, they are yet entirely qualified for that service, but it is doubtful that they are acceptable in any other employment merely because business men are loath to give them a chance to prove their worth, although it is a fact that many of us have risen high in civil pursuit. I earnestly believe it to be a fact that if our fleet naval reservists and retired men of Navy and Marine Corps are eliminated from civil service positions as provided for in the subject section 212, many of them will never again become employed, although their pensions are not sufficient to maintain support for their families.

Furthermore, it seems to us that if the Government of these United States were to adopt the position that a pensioner of the military services may not receive employment in the civil service, then, too, is any other business man and employer justified in taking that attitude, following the example of their Government? If such were the ultimate result, one need not be gifted with unusual imagination to picture the tragedy and havoc which would be wrought to those men who have many times earned what they now receive through unselfish service and sacrifice and hardship.

Although I am no economist, and therefore may err in my conclusions, it seems reasonable to assume that no economy could be effected through the discharge of these men who are experienced and disciplined in the methods of governmental service. The only objective of the sponsors of this movement, so far as is apparent, appears to be a slightly greater distribution of employment. If the aim of the legislative body is the latter instead of economy, it is granted they will probably achieve their objective in a small way, but the expense will undoubtedly be greater than they imagine.

This association has always recognized your fairness in these matters, particularly to service men who are usually unable to protect themselves, and in this respect I should like to invite your attention to the fact that the great majority of us are now under contract (we may not resign) to be called to active service in case of national emergency within 48 hours. We are required to have our outfits of uniform in good condition and to stand by for recall to any service in the combative forces of the Navy or Marine Corps, either at sea, on shore, or foreign duty. Therefore, this association urges you to champion our cause, and we pledge you our sincere appreciation.

I regret the length of this letter, but I assure you it is but a short discourse on the reasons we could set forth in our behalf.

Very respectfully,

G. S. CORBEIL, Secretary.

FUNERAL EXPENSES OF THE LATE PRESIDENT CALVIN COOLIDGE

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported back favorably, without amendment, Senate Resolution 318, to pay certain funeral expenses of the late President Calvin Coolidge; and it was considered by unanimous consent and unanimously agreed to, as follows:

Resolved, That the Secretary of the Senate be, and he is hereby, authorized and directed to pay, out of the appropriation for miscellaneous items of the contingent fund of the Senate, the actual and necessary expenses of the Senate committee appointed to attend the funeral obsequies of Hon. Calvin Coolidge, late a President of the United States, on voucher or vouchers properly allowed by the Committee to Audit and Control the Contingent Expenses of the Senate.

LOANS MADE BY RECONSTRUCTION FINANCE CORPORATION (S. REPT. NO. 1059)

Mr. COUZENS. Mr. President, on July 11, 1932, under the terms of Senate Resolution No. 269, providing for an investigation of loans made by the Reconstruction Finance Corpo-

ration, the Senate authorized the appointment of a committee, and the committee was appointed by the Vice President to investigate the loans made by the corporation. The committee has concluded its work, so far as it is able to go, and desires to submit at this time a report. For the purpose of the RECORD and the press, in view of the fact that we have no printed copies, I desire the indulgence of the Senate to read a few paragraphs from the report.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Michigan is recognized.

Mr. COUZENS. After reciting the instructions under the resolution and attaching to the report all of the exhibits in the case, I want to point out that each member of the committee was supplied with a list of the loans made, and in the last column of the report filed by the corporation there is shown the amount of security, as valued by the corporation, but the list of securities offered was not enumerated except in a few cases.

No funds having been provided the committee, an examination of the records of the corporation was not made nor the securities checked. To have done this would have required a substantial staff to not only check the records of the corporation but to have gone to the 12 Federal reserve banks to make an examination of the securities, the same having been deposited in these Federal reserve banks for convenience.

This report of the loans made by the corporation from the time of its organization, February 2, 1932, to July 20, 1932, is inclusive. All loans since that time have been filed with the Secretary of the Senate and the Clerk of the House of Representatives. Your committee therefore has not gone beyond the date when these loans were made in confidence.

With the limited opportunity presented to the committee, no further examination could have been made. From the data at hand your committee is unable to make any criticism. The loans all seem to have been made in accordance with the law, except that we have not been able to determine whether loans were made as required by section 5 of the law, namely, to aid agriculture, industry, and commerce.

With respect to the adequacy of the security deposited to secure the loans, consideration would have to be given to the value of the security at the time the loan was made. While an examination and appraisal of the collateral might disclose a difference in judgment as to the adequacy of the security, an examination now might disclose an entirely different valuation as of this date and as of the date the loans were made.

Your committee does not recommend that the loans be made public in view of the fact that when the loans were made the act did not require that they be made public and the borrowers were not contemplating that they be made public. However, if in the judgment of the Senate they should be printed and made public, the records are available.

The committee has completed its task and complied with its instructions in so far as it was possible to proceed under the conditions as have been stated heretofore. The committee had no funds and no authorization to create any expenses. If the Senate desires to direct that a more exhaustive examination be made of the work of the corporation, it should do so after discussion as to the extent of the task, the expense which would be involved, and the benefits which would be derived from that work. The examination, if the Senate decides that it should be made, should be made not only of the loans made prior to July 21, 1932, but of the loans made since then.

On behalf of the committee I file the report.

The VICE PRESIDENT. The report will be received.

Mr. FRAZIER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from North Dakota?

Mr. COUZENS. I yield.

Mr. FRAZIER. I should like to ask the Senator if the committee made any investigation in regard to the intermediate credit corporation which makes the so-called "barnyard" loans to farmers on their livestock and chattels?

Mr. COUZENS. As is pointed out in the report, Mr. President, the committee did not see the collateral of a single loan. It simply accepted the report of the corporation as to the loans and the amount thereof. From the information that has been given to me by the Senator from North Dakota in connection with the so-called "barnyard" loans, I think it would be of interest to the Senate if the Senator would at some time discuss that question.

Mr. FLETCHER. Mr. President, may I suggest that the investigation as to the intermediate credit banks was not intrusted to this committee at all? The Reconstruction Finance Corporation had nothing at all to do with intermediate credit banks.

Mr. COUZENS. They were to loan money to the intermediate credit banks, though. I think that, perhaps, creates the confusion.

The PRESIDING OFFICER (Mr. FESS in the chair). The report submitted by the Senator from Michigan will be printed.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS of Idaho:

A bill (S. 5402) authorizing certain contractual changes relating to the payment of certain construction costs of the Minidoka irrigation project; to the Committee on Irrigation and Reclamation.

By Mr. NEELY:

A bill (S. 5404) granting a pension to Benjamin F. Hyde; to the Committee on Pensions.

By Mr. WALSH of Massachusetts:

A bill (S. 5405) granting an increase of pension to Rose Toward (with accompanying papers); to the Committee on Pensions.

By Mr. REED:

A bill (S. 5406) for the relief of certain disbursing officers of the Army of the United States and for the settlement of an individual claim approved by the War Department (with accompanying papers); to the Committee on Claims.

By Mr. NORRIS:

A bill (S. 5407) authorizing John C. Mullen, John H. Hutchings, both of Falls City, Nebr., and William Shepherd, of Rulo, Nebr., his or their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Missouri River at or near Rulo, Nebr.; to the Committee on Commerce.

By Mr. BINGHAM:

A bill (S. 5408) relating to the revolving fund established by the joint resolution of December 21, 1928, for the relief of Puerto Rico (with an accompanying paper); to the Committee on Territories and Insular Affairs.

By Mr. McNARY:

A joint resolution (S. J. Res. 230) to effectuate a compromise and settlement of rental leases on Sand Island in the Columbia River in Oregon; to the Committee on Military Affairs.

By Mr. FESS:

A joint resolution (S. J. Res. 231) to change the name of "Roosevelt Island" to "Theodore Roosevelt Island"; to the Committee on the Library.

LOANS BY THE RECONSTRUCTION FINANCE CORPORATION

Mr. BARBOUR introduced a bill (S. 5403) to increase the amount of certain loans made by the Reconstruction Finance Corporation to institutions holding mortgages on homes, which was read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That section 5 of the Reconstruction Finance Corporation act, as amended, is hereby amended by adding after the second paragraph the following new paragraph:

"In the case of any loan to a building and loan association or to a mortgage loan company, the corporation, upon application of such building and loan association or mortgage loan company, shall lend (1) in addition to such amount as it would otherwise lend in the administration of this act on the security of the particular collateral deposited as security for the loan an amount not exceeding 30 per cent of the value of such collateral, or (2) in any case in which a loan has been made to such building and loan association or mortgage loan company prior to the effective date of this paragraph, in addition to the amount of such loan, an amount not exceeding 30 per cent of the value of the collateral deposited as security for the loan. Loans shall be made under this paragraph only if such association or company presents evidence, or gives assurance, satisfactory to the directors of the corporation, that such association or company will use the amount of the loan plus the additional amount loaned under this paragraph (less, in the case of a loan made prior to the effective date of this paragraph, that part of loan expended prior to the granting of the additional loan under this paragraph) for any one or more of the following purposes: Discharging obligations of such association or company to banks; refinancing home-mortgage loans; making new home-mortgage loans; making payments to its depositors, if any; paying dividends on its paid-up capital

stock, if any; or for any other purpose which will in the judgment of the directors of the corporation inure to the benefit of persons in need of financial assistance in purchasing or retaining ownership of homes."

AMENDMENTS TO BANKING BILL

Mr. BARBOUR submitted an amendment intended to be proposed by him to the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes, which was ordered to lie on the table and to be printed, as follows:

On page 44, line 24, beginning with the colon to strike out through the word "located," on page 45, line 5.

Mr. BRATTON submitted an amendment intended to be proposed by him to Senate bill 4412, the banking bill, which was ordered to lie on the table and to be printed, as follows:

On page 46, beginning with line 17, to strike out all through line 8, page 47, and insert in lieu thereof the following new paragraph:

"(c) A national banking association may establish and operate new branches within the limits of the city, town, or village, or at any point within the State in which said association is situated, if such establishment and operation are at the time permitted to State banks by the law of the State in question. No such association shall establish a branch outside of the city, town, or village in which it is situated unless it has a paid in and unimpaired capital stock of not less than \$500,000."

AMENDMENTS TO APPROPRIATION BILLS

Mr. AUSTIN submitted an amendment intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 82, line 19, beginning with the word "and," to strike out the remainder of the line and all of lines 20 and 21 and insert in lieu thereof the following: "and shall not apply to the permanent annual appropriations for vocational education, colleges for the benefit of agriculture and the mechanic arts, or cooperative agricultural extension work."

Mr. HAYDEN submitted an amendment intended to be proposed by him to House bill 13710, the Interior Department appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 36, line 15, after the figures "\$3,000," insert "for replacement of power plant and equipment destroyed by fire, \$32,000, to be immediately available";

On page 36, line 15, strike out "\$75,115" and insert "\$107,115."

Mr. McKELLAR submitted three amendments intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which were ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. McKELLAR to the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments:

"Whereas title 4 of the merchant marine act, 1928, under which ocean mail contracts were let for carrying mail called for advertising for bids so as to bring about competition, and it was the manifest intention of Congress that mail contracts should be awarded only after fair and impartial bidding and as strictly business contracts for the transportation of mails; and

"Whereas in some cases the routes have been extended, not only without competitive bidding but without advertising, and nearly all of the contracts heretofore let were let without competitive bids having been received, and grave doubts have arisen as to the validity of many of the contracts heretofore awarded for carrying ocean mail, the Postmaster General is hereby authorized and directed to enter upon negotiations with the various shipping companies which claim they have contracts with the Government under title 4 of the merchant marine act, 1928, for the carrying of ocean mail, and, if possible, secure from such companies severally agreements providing that on and after the 1st day of July, 1933, each company will receive under such contracts sums, respectively, not exceeding the reasonable value to the United States of the services rendered under said contracts, and not exceeding 50 per cent of the amounts paid by the Government at the present time. Should the Postmaster General, within 120 days from the passage of this act, fail to secure such an adjustment or compromise as herein indicated, he shall, after the expiration of said period of 120 days, turn over to the Attorney General of the United States all of the alleged contracts which the Government and said shipping companies have heretofore signed and the said Attorney General is hereby instructed to cause all the facts in reference to such alleged contracts to be examined and the law governing the same

inquired into and to report to the Congress (1) whether in his opinion any of said alleged contracts are valid and binding; (2) which ones are not valid, and the reasons why; (3) and the amounts of money payable under the valid contracts. Should the Attorney General of the United States be in doubt as to the validity of any of said contracts he shall cause a test case to be made and the questions of the fact and the legal questions settled in the courts."

Amendment intended to be proposed by Mr. McKellar to the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments:

"Whereas the Congress, under laws heretofore passed, has authorized the Postmaster General to enter into contracts for carrying air mail to foreign countries; and

"Whereas it was the manifest intention of the Congress that such air mail contracts should be awarded only after fixing routes, after advertising, after fair and impartial bidding, and after awarding contracts for carrying such mail by airplanes; and

"Whereas in some cases contracts have been awarded without competitive bids having been received and other routes have been extended not only without competitive bids but also without advertising as required by law; and

"Whereas some of the contracts have not been made in compliance with the intent and text of the law, the Postmaster General is hereby authorized and directed to enter upon negotiations with the aircraft companies which claim they have contracts with the Government under laws heretofore made for the carrying of air mail, and, if possible, secure from such companies severally agreements providing that on and after the 1st day of July, 1933, each company will receive under such contracts sums, respectively, not exceeding the reasonable value to the United States of the services rendered under such contracts, and in no case exceeding 50 per cent of the amounts paid by the Government to said companies at the present time; and

"Whereas even assuming said contracts to be legal and binding upon the Government, the Postmaster General has the right to cut down the number of flights and cut down the service, either day or night, as to him would appear to be for the best interests of the Government and the users of air mail. Should the Postmaster General, within 120 days from the passage of this act, fail to secure an adjustment or compromise as herein indicated, he shall, immediately after the expiration of the said period of 120 days, turn over to the Attorney General of the United States all of the alleged air mail contracts which the said Government and the said airplane companies have heretofore signed, and the said Attorney General is hereby instructed to cause all the facts in reference to such alleged contracts to be thoroughly examined into and the law governing the same inquired into and to report to the Congress (1) whether in his opinion any of said alleged contracts are valid and binding; (2) which ones are not valid and the reason why, if so he finds; (3) and the several amounts of money due and payable under the valid contracts. Should the Attorney General of the United States be in doubt as to the validity of any such contracts he shall cause a test case to be made and the questions of fact and the legal questions settled in the courts."

Amendment intended to be proposed by Mr. McKellar to the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments:

"Whereas the Congress under laws heretofore passed has authorized the Postmaster General to enter into contracts for carrying air mail; and

"Whereas it was the manifest intention of the Congress that air mail contracts should be awarded only after fixing routes, after advertising, after fair and impartial bidding, and awarding contracts for carrying such mail by airplane; and

"Whereas in some cases contracts have been awarded without competitive bidding, and other routes having been extended, not only without competitive bids but also without advertising as required by law; and

"Whereas few of such contracts have been made in compliance with the text and the intent of the law, and are in apparent violation of the law, the Postmaster General is hereby authorized and directed to enter upon negotiations with the various aircraft companies which claim they have contracts with the Government under laws heretofore made for the carrying of air mail and, if possible, secure from such companies severally agreements providing that on and after the 1st day of July, 1933, each company will receive under such contracts sums, respectively, not exceeding the reasonable value to the United States of the services rendered under such contracts, and in no case exceeding 50 per cent of the amounts paid by the Government to said companies at the present time; and

"Whereas even assuming said contracts to be legal and binding upon the Government the Postmaster General has the right to cut down the number of flights and cut down the service, either day or night, as to him would appear to be for the best interest of the Government and the users of air mail. Should the Postmaster General, within 120 days from the passage of this act, fail to secure an adjustment or compromise as herein indicated, he shall, immediately after the expiration of the said period of 120 days, turn over to the Attorney General of the United States all of the alleged air mail contracts which the said Government and the said airplane companies have heretofore signed, and the said Attorney General is hereby instructed to cause all the facts in reference to such alleged contracts to be thoroughly examined and the law governing the same inquired into, and to report to the Congress (1) whether, in his opinion, any of said alleged contracts are valid

and binding; (2) which ones are not valid and the reason why, if so he finds; and (3) the several amounts of money due and payable under the valid contract. Should the Attorney General of the United States be in doubt as to the validity of any such contracts, he shall cause a test case to be made and the questions of fact and the legal questions settled in the courts."

INVESTIGATION OF CAMPAIGN EXPENDITURES

Mr. HOWELL. Mr. President, I offer the resolution which I send to the desk and ask that it may be reported. I shall then ask for its immediate consideration.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 324), as follows:

Resolved, That the special committee appointed by the Vice President under authority of Senate Resolution No. 174, agreed to July 11, 1932, to investigate campaign expenditures for President and Senators in the 1932 primaries and elections, hereby is granted an extension of time for making its full report to the Senate until the first day of the first regular session of the Seventy-third Congress, and said committee hereby is continued in full force and effect until above-mentioned time.

Mr. LONG. Mr. President, will the Senator explain what is the purpose? Is it merely an extension of time?

Mr. HOWELL. Merely extending the time when the report is to be made.

Mr. DILL. Mr. President, will the Senator yield for a question?

Mr. HOWELL. Certainly.

Mr. DILL. As I understood the reading of the resolution it extends the time until next January.

Mr. HOWELL. No; until the first day of the next regular session.

Mr. DILL. The next regular session will be next January. Does not the Senator think the time should be extended merely until the first day of the special session?

Mr. HOWELL. We desire a longer period of time than that within which to make the report.

Mr. GLASS. Reserving the right to object, let me inquire will action on this proposition displace the special order?

The VICE PRESIDENT. It will not, if it comes up by unanimous consent. Is there objection? The Chair hears none, and, without objection, the resolution is agreed to.

TARIFF BARGAINING

Mr. COSTIGAN. I send to the desk a resolution directing the Tariff Commission to make certain investigations, and request that it be printed in the RECORD. I also desire to speak briefly on the resolution.

The resolution (S. Res. 325) was read, as follows:

Resolved, That the United States Tariff Commission (as provided under section 334 of the tariff act of 1930, and so far as deemed advisable by said Tariff Commission, with the cooperation of the Departments of State, Commerce, Agriculture, Labor, and other departments or independent establishments of the Government, as and when requested by the United States Tariff Commission to cooperate) is hereby directed under section 332 (g) of the tariff act of 1930, and for the purposes of that section, to investigate, particularly by resort to available files and records, and to report thereon to the Senate assembled data (including tariff rates, foreign-trade statistics, production statistics, and other pertinent facts), successively, on or before February 1, 1933, February 15, 1933, and, finally, March 1, 1933 (giving precedence to this resolution, so far as may be required, over other resolutions heretofore adopted by the Senate directing the United States Tariff Commission to make reports to the Senate) on the following subjects:

(1) Any and all tariff classifications (including, when practicable, grades with respect to which there were substantial imports clauses) with respect to which there were substantial imports from abroad in 1920 and/or 1929, and as to which imports have since substantially lessened or have ceased, with the approximate dates of such lessening or cessation of imports, together with relevant facts concerning domestic production.

(2) Any and all dutiable articles of which imports in either 1927, 1929, or 1931 have represented less than 5 per cent of the domestic production of similar articles, giving the percentages of imports to domestic production in each of said years and the tariff changes in 1930, together with a description of the grades, varieties, and quantities of the said respective dutiable articles and a description of the grades, varieties, and quantities of said respective similar articles produced in the United States.

(3) Any and all articles of which the tariff rates exceed 50 per cent ad valorem, arranged by schedules in order of height of said rates in 1931, including the ad valorem equivalent of specific and

compound rates, based respectively on prices of the calendar years 1928 and 1929, the first half of 1930, the latter half of 1930, and the calendar year 1931; together with quantities and values imported in the same periods and the domestic production for 1929 and 1931, where practicable, of the respective articles covered by said rates, and separate lists showing, for all agricultural products and agricultural raw materials carrying tariff rates exceeding 50 per cent ad valorem in 1931, the equivalent ad valorem of present rates based on average prices from 1920 to 1929, both inclusive.

(4) Dutiable articles the imports of which have increased in quantity or value since 1929, with amounts and values of increases.

(5) Statistics, arranged by tariff paragraphs and schedules, of all articles important in export trade, the exports of which have decreased in quantity or in value since 1929, with information on the extent of the resulting unemployment in domestic export industries.

(6) The extent of exports of capital from the United States to foreign countries to build or buy factories and employ labor in such foreign countries, together with the number of employees in such American-owned foreign factories.

(7) The range and variety of costs of production related to the quantities produced in each cost range in the United States and in competing foreign countries, for each industry investigated by the Tariff Commission since 1920 (so far as can be given without disclosing the costs of individual concerns).

(8) The value and, where available, the quantity during each year from 1919 to 1932 of articles or special grades of articles which are produced in the United States with advantages, including trade and market conditions, which were factors in causing such articles and grades to be exported in substantial quantities to foreign markets, together with a statement regarding the nature of such advantages.

(9) The value and, where available, the quantity of the imports during each year from 1929 to 1932 of dutiable articles (distinguishing so far as practicable grades and styles of such articles and separate items included in basket clauses) which are more or less noncompetitive with articles produced in the United States and in which foreign countries possess advantages in production, including seasonal advantages, or as to which the foreign product has some unusual appeal to purchasers in the United States, including articles produced abroad by the use of relatively large quantities of hand labor as well as so-called foreign specialties not adapted to mass production or other conditions of efficient and economic production in the United States, and with particular reference to articles produced in Canada, Great Britain, Germany, France, Spain, Belgium, Italy, Czechoslovakia, Mexico, Argentina, Russia, China, and Japan, and in such other foreign countries as may provide commercially important illustrations.

(10) The extent to which existing conditional and unconditional most-favored-nation clauses in commercial treaties, listed for convenient reference, may affect tariff bargaining with foreign countries, having in view early and reciprocal reductions in tariff rates in the United States and foreign countries and increased trade and commerce between the United States and foreign countries.

(11) Generally to advise such ways and means for tariff bargaining as may appear relevant for most advantageously promoting expanded trade between the United States and foreign countries, with the purpose of increasing employment in the United States and markets abroad for products of farms and factories of the United States.

The VICE PRESIDENT. Is there objection to the Senator from Colorado addressing the Senate on the resolution?

Mr. McNARY. Mr. President, I regret that I did not catch the purport of the resolution submitted by the Senator from Colorado.

Mr. COSTIGAN. The resolution is one directing the Tariff Commission to make certain investigations with respect to tariff bargaining in aid of the program of the incoming administration. My remarks will be few.

The VICE PRESIDENT. Is there objection to the Senator from Colorado proceeding? The Chair hears none, and the Senator is recognized.

Mr. COSTIGAN. Mr. President, the resolution is designed to secure in a form useful to the incoming recently elected Chief Executive, Congress, and the public information available in the files and records of the Government—particularly of the Tariff Commission, but also of other departments acting under the law creating the Tariff Commission in cooperation with it—indicating the present possibilities of a tariff-bargaining policy. Supplemental resolutions may be required to secure further information, but the one now presented should provide a foundation for a comprehensive survey of some of the major tariff-bargaining problems which are likely to confront the next administration.

It is assumed that the incoming administration will include in its legislative program reasonable efforts to promote advantageous and expanded trade between the United

States and foreign countries. The continuing objective of tariff bargaining will doubtless be not to disturb sound safeguards for efficiency in our domestic industries but to promote advantageous and expanded trade between the United States and foreign countries; increased employment in the United States; restored and enlarged foreign markets for our surplus products of farms and factories; and higher prices for such products resulting from increased market demands. In other words, though that fact is often forgotten in these difficult times, proper tariff policies, whether advanced by tariff bargaining or by other legislation, should be counted among fundamental remedies for the relief of farm distress and unemployment.

Under the law creating the Tariff Commission, its information is, of course, not available to an incoming administration. The President, the Senate, and the House of Representatives are respectively authorized to request reports, but it is highly proper that the present Senate should take time by the forelock for the use of the next administration. The information will have the further value of being open to public scrutiny.

Such being the purpose of the tendered resolution, I assume that no objection will be taken to its reference to the Finance Committee with a request for a prompt report thereon to the Senate. The resolution contemplates precedence over prior Senate requests, if necessary, and successive reports from the Tariff Commission on February 1 and February 15, prior to its final report, which is to be submitted on or before March 1, 1933.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Michigan?

Mr. COSTIGAN. I yield.

Mr. VANDENBERG. In view of the fact that favored-nation treaties may enter into the problem of tariff bargaining, may I inquire whether the resolution includes an inquiry of the State Department in this aspect?

Mr. COSTIGAN. It does.

Mr. VANDENBERG. I thank the Senator.

The VICE PRESIDENT. The resolution will be referred to the Committee on Finance.

DEPARTMENT OF COMMERCE

Mr. BRATTON. Mr. President, I send forward a concurrent resolution to provide for the appointment of a joint committee of the Senate and the House of Representatives to consider the advisability of abolishing the Department of Commerce and the transfer of its indispensable services to other agencies.

I shall not discuss the resolution further than to ask that it may be printed and lie on the table; and in connection therewith I ask to have printed in the RECORD a tabulation showing the regular, supplemental, and permanent annual appropriations made for the Department of Commerce from 1924 to 1933, both dates inclusive.

The concurrent resolution submitted by Mr. BRATTON (S. Con. Res. 39) was read and ordered to lie on the table, as follows:

Whereas the Department of Commerce is engaged in varied and widely scattered activities, both of a regulatory and administrative character; and

Whereas doubt has been expressed as to the wisdom and economy of maintaining these activities under a separate executive department; and

Whereas it is desirable that the Congress shall have adequate information as to the details of carrying out a plan for abolishing the Department of Commerce, including the determination of the agencies to which should be transferred any functions of the department which it is deemed necessary to retain: Therefore be it

Resolved by the Senate (the House of Representatives concurring therein). That there is hereby established a joint congressional committee, to be composed of five Senators, to be appointed by the President of the Senate, and five Members of the House of Representatives who are Members elect of the Seventy-third Congress, to be appointed by the Speaker of the House of Representatives. The committee is authorized and directed to make a general study of the organization and activities of the Department of Commerce with a view to (1) devising a plan

for abolishing the Department of Commerce, if it should be determined that that action should be taken, or (2) curtailing or abolishing certain of the activities of the department, if it should be determined that the department be continued. The committee shall report to the Congress on or before February 1, 1934, the results of such study, together with its recommendations for necessary legislation.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Seventy-second Congress and succeeding Congresses, to employ such experts, and clerical, stenographic, and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, and to take such testimony and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed \$5,000, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers approved by the chairman of the committee.

The VICE PRESIDENT. Without objection, the table presented by the Senator from New Mexico will be printed in the RECORD.

The table referred to is as follows:

Regular, supplemental, and permanent annual appropriations by fiscal years for the Department of Commerce

1924-----	\$22, 115, 621. 94
1925-----	24, 123, 472. 86
1926-----	25, 143, 491. 11
1927-----	31, 526, 372. 73
1928-----	36, 821, 839. 14
1929-----	40, 712, 898. 75
1930-----	60, 507, 857. 36
1931-----	61, 300, 936. 16
1932-----	54, 959, 586. 67
1933-----	45, 213, 200. 19

UNCLE SAM'S PAY ROLLERS

Mr. LOGAN. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Christian Century, by T. Swann Harding, entitled "Uncle Sam's Pay Rollers."

There being no objection, the article was ordered printed in the RECORD, as follows:

[From the Christian Century, December 7, 1932]

UNCLE SAM'S PAY ROLLERS

By T. Swann Harding

Years ago, almost 20 of them in fact, I was an assistant chemist in the old Bureau of Chemistry in the United States Department of Agriculture. I became an assistant chemist by passing a rigid examination which occupied two entire days. I was appointed because the work under the food and drug law required another assistant chemist. I entered an organization in which everything was carefully planned and ordered economically. To-day, if I entered the professional Government service in Washington, I should still have to demonstrate that my training and experience entitled me to hold the position I craved, and the most careful economic planning would dictate the salary I got, the appropriation for the project upon which I worked, and the apparatus and equipment purchased for my use.

About 14 years ago the era of the fiction dollar dawned. I had a steady job, I had security, I had sufficient work to keep me busy, I was engaged in rather interesting research. But promotions came slowly and involved very small salary increases, and big salaries were possible outside. I jumped outside at twice the salary the Government offered me. I found chaos. The industrial firm for which I worked did not plan; it proceeded by haphazard. I and other well-paid employees often loafed for days on end just because no one had planned what we should do. As a matter of fact, we had been hired largely to diminish the corporation's excess-profits tax, so what did it matter whether we worked or not?

WASTE IN PRIVATE INDUSTRY

There had been no careful appraisalment of our fitness for the jobs to which we aspired. Anything was at once ordered that our whim dictated us to demand. Projects were suggested, started, thrown in the sewer, and stupendous losses were taken with a passing broadside of profanity, as a mere incident to furious production. The entire picture of wasteful chaos and disorder that I found in industry so contrasted with the ordered planning and consistently efficient operation that I had known in Government service that I was simply astounded. Finally, the great awakening came. The era of the fiction dollar was ended. Chaotic business and industry faced their debacle and, quite naturally, turned on Government and the salaries of Government employees as the paramount cause of their misfortunes.

Meanwhile government had become a sector of planned economy operating within the framework of a chaotically unplanned economy. A great deal of the service that the Federal Government

had undertaken at the demand of the public was of such a character that it could not be expanded and contracted at will. Indeed, it could not be greatly contracted without spoiling it altogether. Whereas many lines of business and of industry may be utterly scrapped in such a way as to involve little loss of permanent value, it is impossible to start an expensive campaign to wipe out insect or fungoid pests, or an attack on white-pine blister rust, and then to scrap it, without wasting the money previously expended and giving pests such a foothold that they can never be eradicated.

HIGH-GRADE PERSONNEL

Naturally, in the process of becoming a public-service corporation, the Federal Government built up a personnel quite different from that required in earlier times. For its services now demanded the employment under the civil service of practically every variety of scientist, professional man, and skilled worker that can be found in private industry or in university work. The administration of the customs laws, as well as of laws governing the inspection of meats, foods, and drugs, requires scientists and professional men. The same may be said for the work of those varied scientific bureaus which serve agriculture, business, and industry. These expensive and elaborate service agencies have been established, and highly specialized workers have been employed to man them. Such planned economy can not, without disastrous results, exist merely at the whim of private business, which, obviously, is not managing even itself successfully.

But the great awakening brought a loud clamor against costs of government, and now we hear raucous cries of "Fire the incompetent, lazy, time-serving Government clerks." There are 732,460 employees of the Federal Government, with a combined salary of \$1,055,970,633. In this number are included many temporary workers and all post-office employees. If the salary total seems enormous, it should be remembered that the Federal Government is largely a public-service corporation, and that, in so far as it supplies utilities more cheaply and efficiently than private business, or of a type that private business does not supply at all, we have no right to complain about the mere number of people it employs or the cost of paying them. If by this means we get valuable free publications, low carriage costs on mail, the discovery of important scientific facts, medical service to large groups, standards research for many industries, statistical surveys for business and agriculture—why cavil at mere cost figures?

LOW SALARY SCALES

The salaries of these Government employees never were large. It was always my custom to mention my salary with an apology, because my friends who worked outside commiserated me on it and then named stipends two or three times as large as mine. They called me a timeserver; but when I visited their offices or laboratories, as well as when I worked in private industry myself, I found quite as much loafing as and far more disordered chaos than I ever found in Government service. I literally saw thousands, even hundreds of thousands of dollars, go down the sewer of a careless manufacturer without serious effort to stop it, whereas very minor monetary leaks in Government service at once produced thorough investigation.

Of the 732,460 Government employees just mentioned 727,724 receive less than \$5,000 annually, or did receive less before the salary cuts now in effect. In short, in spite of all talk about the enormous salaries of Federal Government employees, only 4,736, or three-fifths of 1 per cent of them received \$5,000 or more annually. What is more important, 417,089 of them received annually only \$2,000 or less, and 124,678 received \$1,000 or less. In other words, 59 per cent of the Federal Government employees received from \$1,000 to \$2,199, 17 per cent received under \$1,000, 17 per cent received from \$2,200 to \$2,699, and 6 per cent from \$2,700 to \$4,999 per year. That was before the recent cut.

In 1895 the average money earnings of Government employees exceeded those of salaried industrial employees. In 1900 the incomes just about equalized. By 1910 salaries outside were very definitely above those of Government employees and by 1920, while the former had risen to something like \$2,200, the latter stood at \$1,650. In 1925 the disparity was as great. At last, in 1930, salaries outside were definitely in decline under unplanned economy, whereas Government salaries, under planned economy, held their own but were still an average of \$500 a year below those paid outside for similar work.

INCENTIVES IN GOVERNMENT EMPLOY

The Government employee for long years took lower pay in order to attain greater security of tenure and reasonably pleasant working conditions. Thus the expert in charge of all the radio education of one department gets \$5,200 a year for work far more difficult than that performed by vice presidents of radio chains at \$15,000 or more annually. This security offered to workers by a planned economy has produced an unusual morale, a fine professional spirit, and also an unearned increment of conscientious service that can not be expressed in monetary terms. I think also of an official who handles from \$200,000,000 to \$300,000,000 annually as fiscal officer of a certain department in Washington. He carries full responsibility for the wise expenditure of this enormous sum. He may be regarded as the financial manager of a business of such capitalization, a position that would certainly pay him \$25,000 in private industry. His Government salary was \$5,200 before the cut. He worked his way up during a period of 20 years.

Or consider this: One bureau in the Department of Agriculture, the Bureau of Animal Industry, contains a laboratory called the

biochemic division, headed by a notable scientist named M. Dorset, whose salary is \$5,300 annually. This salary he receives not altogether because of his scientific attainments, but in part because he acts in an administrative capacity as head of a laboratory. The entire work of his laboratory, including many and varied investigations, costs about \$130,000 a year. The entire work of the Bureau of Animal Industry costs approximately \$12,000,000 annually. This figure covers both research and regulatory work, for this bureau enforces the laws governing meat and stockyard inspections.

One single item of the work of Doctor Dorset's biochemic division in the Bureau of Animal Industry has been the development of a serum effective against hog cholera. In 1913 this disease caused the loss of hogs valued at \$69,000,000. In 1931 the loss had been reduced by a sum of \$51,000,000 or to \$18,000,000, by the use of this serum developed by a man getting \$5,300 annually, in a laboratory costing \$130,000 annually, in a bureau costing \$12,000,000 annually, in a department the entire cost of the publications of which is less than a million dollars annually. It is safe to say that the annual saving to the public each and every year because of this one piece of research would equal at least three times the cost of running the Bureau of Animal Industry entire for a year, plus the entire cost of all publications issued by the entire Department of Agriculture.

A BOTTLE WASHER

Or again: Here is a woman who began her service as a bottle washer. She was taught by her superior and by the research school of her department how to prepare culture media and later how to make transfers of bacteria and to control the acid-alkali reactions of the media, the so-called pH value. In time she became a special student of this pH and she was codiscoverer of the fact that bacteria can be transformed from an invisible, filterable to a visible, nonfilterable form by the control of the pH value of culture media. She discovered that the character of the bacteria varied depending upon the acid-alkali reaction of the media upon which they grew. She could change bacteria back and forth from visible to invisible, and from filterable to nonfilterable, by a better technique than that evolved by the codiscoverers, men of advanced academic scientific training. Since influenza and other dangerous diseases are apparently caused by invisible, filterable viruses, it is impossible to overestimate the value and importance of a basic discovery in fundamental science such as this. This woman's salary was in the neighborhood of \$2,000 a year before the cut now effective. She takes the remainder of her reward in the form of a security so far vouchsafed her by an institution founded upon planned economy which is not capable of quick expansion and contraction at the whim of outside business ineptitude.

In general I should say that Government employees tend to give good service because they are secure in their jobs, because their working conditions give them a certain decent dignity, and because they are not animated by a sullen resentment against the institution for which they work, a resentment that I have seen time and time again in employees of private enterprises, and a resentment which leads to enormous wastage. This resentment is aroused by the irrationally wasteful processes of the industries, so easily apprehended by the workers themselves.

Writing in *Men of Earth*, Russell Lord says: "John Flynn, a shrewd writer on business questions, tells me that Government offices in general, and the Department of Agriculture in particular, get through more work more efficiently than do most private businesses." Lord agrees and adds that there is "in Government work a greater general satisfaction among employees and executives, a more pervading interest in the job rather than in the money, and a warmer sense of companionship in work of importance" than he had found outside. It is, in actual fact, amazing to anyone who speaks with one after another professional man in Government employ, as I have, to sense the intense interest they have in service calculated best to benefit their country and its citizens, an interest that is evangelical in fervor and is largely divorced from acquisitive monetary aspirations. I concur with Flynn and with Lord. I hope this will make it unanimous.

THE LIBERAL VIEWPOINT—ARTICLE BY DR. HARRY ELMER BARNES

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Dr. Harry Elmer Barnes, entitled "The Liberal Viewpoint," appearing in the New York World-Telegram of January 10, 1933. This article is a discussion of the proposed taxation program now before the country.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE LIBERAL VIEWPOINT

By Dr. Harry Elmer Barnes

If there is any bed-rock proposition in the income-tax situation, it is that taxes must be made as light as possible on the consuming masses with incomes of less than \$5,000. The necessary burden of increased taxation must be thrown on those with relatively large incomes. There is no possible chance of restoring prosperity unless the purchasing power of the great mass of Americans is preserved and, if possible, strengthened.

The standard McGraw-Hill publication, the *Business Week*, makes this proposition very clear. The great majority of manufactured goods and agricultural products, including those on

which sales taxes would be levied, are purchased by families with incomes under \$3,000, about three-fifths by families with incomes under \$2,000, and about one-fifth by families with incomes under \$1,000.

Families with incomes of \$3,000 and less paid 73 per cent of the total amount spent for consumers' goods and services but had only 30 per cent of the total national savings. Families with incomes over \$3,000 paid only 27 per cent of the total amount spent for consumers' goods and services but had 70 per cent of the total savings. Indeed, in 1929 some 28,000,000 families with incomes under \$3,000 spent \$65,143,000,000 and saved \$3,746,000,000—less than one-sixteenth of what they spent. The 513 persons with incomes of over \$1,000,000 spent \$87,000,000 and saved \$1,045,000,000—twelve times as much as they spent and nearly one-third as much as was saved by 28,000,000 families.

These figures are devastating in their implications as to sound, progressive taxation policy. If we want prosperity, we must have increased purchasing power. So far as taxation is involved, this can only be secured through lifting the tax burden on the masses and raising heavier taxes from the very wealthy. The proceeds from the taxation of the latter must be put in the hands of the masses through public-works projects, unemployment insurance, and the like.

This strategy is sound from the most resolutely capitalistic point of view, for, as Benjamin Marsh, of the People's Lobby, expresses it: "The most productive investment of capital in America to-day is to enable those who produce it to consume."

The tax plan suggested at the New York conference of Democrats—and it now seems this plan will not be pushed—defies progressive economic doctrine. It proposes, for example, to raise the tax on a \$3,000 income from \$20 to \$30 and on a \$4,000 income from \$60 to \$120. At the same time it would only raise the tax on an income of \$50,000 from \$8,600 to \$10,840, on an income of \$100,000 from \$30,100 to \$33,980, and on an income of \$500,000 from \$263,600 to \$283,480.

In the light of the above, the progressive-taxation plan advocated by the People's Lobby is sound and timely.

The following program will balance the Budget as nearly as it needs to be balanced and still provide funds to meet the Federal Government's share of caring for the victims of unemployment.

By reducing taxes on consumption it will increase consumption and employment.

1. Repealing a large part of the nuisance taxes now being levied, and particularly the additional taxes on sales, levied in the revenue bill enacted earlier this year. This will save the poor at least \$500,000,000.

2. Reducing the exemption for the income tax and increasing surtax rates very heavily. This will yield at least \$1,200,000,000 additional revenue.

3. Reducing the exemption for the estate tax, increasing the rates very rapidly, and retaining the entire yield for the Federal Government. This will yield at least \$300,000,000 additional revenue.

4. A tax upon corporation surpluses. This will yield at least \$500,000,000 additional revenue.

5. Taxation of the income from Government securities as part of the general income and not as a separate tax upon securities. This should yield at least \$100,000,000 to \$125,000,000 additional revenue.

Under the present revenue act the little fellow with an income under \$1,200—and that means most wage earners and farmers in America—pays more taxes in proportion to his ability to pay than multimillionaires.

The Report on Income for 1931, just published by the Commissioner of Internal Revenue, shows that after the 75 persons who reported for 1931 net incomes of over \$1,000,000 had paid their Federal income tax, including surtax, this year they had left an average income of \$1,822,738.

THE RAILROAD SITUATION—ARTICLE BY GEORGE FOSTER PEABODY

Mr. CUTTING. Mr. President, I ask unanimous consent to have printed in the RECORD a letter written by Mr. George Foster Peabody on the railroad situation.

There being no objection, the letter was ordered printed in the RECORD, as follows:

FEDERAL RAILROAD AUTHORITY URGED FOR SAKE OF EFFICIENCY—TRANSPORTATION IS TOO VITAL TO EVERYBODY TO BE REGARDED SIMPLY AS A BUSINESS

SARATOGA SPRINGS, N. Y., January 3, 1933.

To the Editor of the New York Times:

May I suggest to the recently elected President and the Congress, to take office when he does, a solution of one of the most vital of the problems now before the people of the United States—the necessity for the continuance and the increase of efficiency of our railroad system, on the most permanent basis of true economy.

I suggest the creation of a Federal railroad authority with full power to issue serial bonds, in such amounts as may be found necessary to acquire all railroad property in the United States. This authority to have complete power to negotiate for the exchange of securities with present railroad corporations or committees representing said securities. The authority to be given complete powers of eminent domain respecting all interstate railroad properties and traffic. The authority to have full power to reorganize under operating divisions all of the varied properties to be acquired. The authority to have power to make operating leases for limited periods of such portions of the properties ac-

quired as may, after a period of one year, seem to the authority suitable to develop the greatest efficiency, through a possible measure of competitive management, there being no competition in rates between any such portions as might be thus leased or such portions as might be operated under the immediate direction of an operating department of the authority. The authority to have power after a period of one year to dispose of terminal or other properties not found necessary to the economic and efficient provision of fullest transportation service. The authority in acquiring railroad properties to have or to acquire all the powers now held by any railroad corporation whose property it shall acquire.

SOLUTION SHOULD BE SIMPLE

Mr. Amster, a railroad president, has suggested one corporation with ownership and control of railroads. This view of the ultimate necessity for railroad efficiency in the United States was expressed to me a generation ago as his conviction by Collis P. Huntington, one of the ablest minds I have been privileged to come in contact with.

The problem in itself has much of seeming complexity and has so many angles of interest to every element of the community that the permanent solution must be a simple one. I make this suggestion from the background of a business experience dating from 1866 with active railroad, banking, and executive relationship, going back for half a century.

The necessity for transportation is so related to every activity of modern life that it has long been accepted as an obligation of government to provide methods, in one way or another, to assure to its people ready and economical access to all important places and sections of the country. The use of the public's rights of eminent domain was the first requirement of the plank roads in early days.

The reading of testimony given at any hearing before public-service commissions reveals at once the not improper but on the whole necessary defense of private interests in the judgment of the officers of the corporation as the dominant factor in the mind of every official. The fact that the expert testimony introduced on the side of the people's interest and that on the side of the corporation is so absolutely in conflict in nearly every case demonstrates the extraordinary complexity and necessary difficulty resulting from an effort to pay interest and dividends, on the one hand, and to give full consideration to the necessities of producers and consumers, for whose benefit alone the rights of eminent domain are granted.

UNIFIED CONTROL EFFICIENT

I am clear that the complex nature of the situation should not be given weight when the opportunity for fundamental dealing with the situation is at hand. I was personally familiar with the situation of our Government as regards transportation facilities when President Wilson found it necessary to take over the railroads; in fact, I was the recipient while in Washington of a personal message from President Rea of the Pennsylvania urging that I impress upon the President the necessity of action by the Government without delay. I immediately took the matter up with Secretary McAdoo and learned that the situation was not only understood but was being dealt with, and shortly thereafter the Railroad Administration was established.

My interest led me to observe, with care and some detail, the conditions before, during, and after the taking over of the railroads. I know my judgment is not in accord with the general impression, and even strong conviction, of bankers and railroad officials, but I am none the less positive that the improved conditions of the railroads following 1920 were largely due to the greater efficiency possible under unified control of all the railroads.

It seems to me beyond question that any scientific solution of the present complications must be based upon the fundamental rights of eminent domain. The mystifying details of numberless valuations of private interests will never be simplified by longer continuance of the effort to manage one of the great necessities of modern life by public commissions on the one hand and railroad executives on the other.

There are 240,000 stockholders of the Pennsylvania Railroad alone, of whom 70,000 are women, with an average of a very few shares each. The nomination of directors who select the executives is made by banking interests, which have in the aggregate probably not 1 per cent of ownership; their relation is purely one of fiduciary trust. When one considers that these same banking interests have as responsible a fiduciary relation to owners of bonds and stocks of steel, locomotive, car, and other manufacturing corporations supplying the railroads, one discovers at once the utter impossibility of any dominant consideration of the public's rights in the management of these railroads. The condition has grown up without thought or plan, and the bankers are themselves the victims of this complex situation.

The distrust of democracy, which is the basis for the profound and sincere opposition of banking and business leaders, who have so far dominated the public mind, is not worthy of consideration by the scientific mind. I am myself clear, from an active relationship to political life, that there is more basis for distrust of corporate relations with government and the graft and iniquity resulting therefrom than in any experiences, appalling as they have been, we have had with official disloyalty to the people's interest.

It is my judgment, from this long personal observation and activity, that only as government becomes more continuously and closely related to the daily welfare of the people through its absolute responsibility for all public utility provisions will our governments become less corrupt. I am satisfied that the aggregate

of corruption due to the placing of eminent domain under the control of corporations, unmoral of necessity, has been vastly worse than any exhibit made in Chicago.

There has been during the past decade another most vital factor in the matter of railroad administration and finance. I refer to the vast amount of money invested by and at the instance of the Federal Government in waterways and highway competition with the railroads. It is doubtless true that this provision of tax-exempt competition has been due to a very real extent to the logical lobbying, through farm and other organizations, of the great automobile industry. I refer to this because it indicates the impossibility of a maintenance of proper standards of railroad efficiency by private capital, which is quite without resource to overcome such new competition from invention, improvements, or otherwise.

One aspect of this present lamentable state of the railroad industry is that when the first appeals were made to the Congress for Federal highway appropriations neither the banking nor railroad officials responsible for the care of twenty billions of invested funds made effective protest before the Congress or before the people as to the impending danger to the high percentage of the wealth of the country invested in railroad properties. Neither did the heads of the great insurance and banking corporations, which have to-day so large an investment in these same properties. The millions of bond and stock holders in small amounts were, of course, in entire ignorance as to the impact to be made and the undermining of values by this highway competition.

FIXING PRICES OF BONDS

Perhaps not the least important feature of this railroad financial collapse is to be found in the practice, now for many years, of the United States Government, through its Interstate Commerce Commission, requiring the consent for the issue of securities by the railroad corporation and the fixing by the Interstate Commerce Commission of the minimum price for which the securities should be sold by the railroad company. There is no question but that holders of railroad bonds, and in some cases perhaps stocks, have a right to consider that by authorizing the issue and fixing the price, purchasers of bonds were given what was in effect a moral guaranty of value. It is difficult to think of any single action more undermining of confidence than the recent action of the commission calling for a reorganization of one railroad corporation applying for funds without any apology for its own recent valuation of the property through the fixing of a price for bonds sold to further the welfare and safety of the railroad and its security holders.

I have been of the opinion for some time past that, when the extent of this particular damage to the investment of millions of its people in railroads was disclosed by the panic, which revealed the utter incapacity of the business oligarchy to rightly read the future and provide brakes before ascending the hill of such astounding speculations as developed, it was the implicit duty of a discerning government to deal with the railroad situation in "the emergency worse than war," as President Wilson did in 1918.

This would have given the Government an opportunity, through saving of interest and the facility to immediately cut out competitive train service and route traffic by the low-level lines, to acquire the railroads on a lower basis of values and, at the same time, relieve millions of its citizens of the damage from the panic, which still affects all securities. I think the long-continued extent of this panic is due much more largely to the tragic absence of a market for railroad securities than to any other single feature.

TRANSPORTATION NOT A BUSINESS

It is clear that the present amazing efforts through loans have not disclosed any foundations more sure than quicksand. It is, also, to be said that the welfare of the millions of investors is now and will be equally without assurance, and the disaster suffered by these manifold interests will be far worse than could be anticipated from even a revolution that brought in socialism—which I do not believe a practical method of evolution in our democracy.

I venture to affirm, as an emphasis of my thought from long living with and study of this problem, that transportation is not a business in any fair interpretation of the term. It is a matter for careful scientific planning from every point of view, including, as not the least important, the matter of equity as between sections and varied interests.

Among our ablest men Commodore Vanderbilt, and Hill, Harriman, Huntington, and the other railroad magnates, developed under private control of eminent domain as modern feudal barons, whose armies were New York Central, Southern Pacific, Union Pacific, Great Northern, etc. I had the good fortune to know them so well that I can affirm the entire sincerity of their belief that they were serving the people by opening territory and giving efficient service, but I am equally clear that they viewed the situation in a very short-sighted way, and by reason of the temptation of corporate control of eminent domain were diverted from the larger public service for which their great ability so well fitted them.

GEORGE FOSTER PEABODY.

THE ARMS EMBARGO

Mr. BINGHAM. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial entitled "The Arms Embargo," appearing in the *Courant* of yesterday morning.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Hartford (Conn.) Courant, Thursday, January 12, 1933]

THE ARMS EMBARGO

No great harm will be done if Congress takes no action during the present session on the request of the President for authority to impose an embargo on the shipment of arms to foreign nations for military purposes. Even if the principle involved were not debatable, the wise course would be to wait upon the establishment of the new administration before deciding a policy of such wide implications. The administration of Mr. Hoover has but two months to run, after which time the authority for charting the foreign policy of the Nation will devolve solely upon Mr. Roosevelt. Since he must assume complete responsibility, he ought to have the determining voice in the selection of the measures that he wants at his command. In the existing circumstances, therefore, Congress would be right were it to set the request of the President aside pending the inauguration of his successor.

Even should Mr. Roosevelt favor the adoption of such a measure as Mr. Hoover recommends, Congress ought to give the matter sober consideration before acting. What the President seeks, in brief, is the power to suspend the exportation of arms to a nation that might use them in the prosecution of a war. Whatever can be done to make war less likely is naturally to be desired, but the proposed measure has implications that can not be overlooked. To impose an embargo on trade with a friendly nation would be a violation of neutrality that would have to be justified to public opinion. Aggression might be a sufficient justification for refusing arms, but to prove aggression against a nation would be a tremendous responsibility, from which the President might well be spared. With the best of intentions the President scarcely could be expected to sift all the confused facts in a quarrel between two nations, to weigh contradictory evidence of an uncertain nature, and to reach a just conclusion therefrom. After nearly 20 years historians who have put their whole time on the problem are divided concerning the responsibility for the latest war, and to expect the President to better their record in the event of another would be asking a great deal.

Moreover, once the President came to a decision, the imposition of the embargo might not terminate the hostilities, but only prolong them, perhaps by involving the United States in them, for any nation convinced of the righteousness of its cause that had been refused arms by the United States might easily be convinced that we were also an enemy to be fought. The result of the effort to stop a war might consequently be a worse situation than prevailed at the beginning. All things considered, the request of the President ought to be put aside by Congress until such time as Mr. Roosevelt may choose to revive it, whereupon it should be debated strictly on its merits.

SUIT OVER BOOK ON PRESIDENT HOOVER

Mr. SCHALL. Mr. President, I ask leave to have printed in the RECORD a news item from to-day's Washington (D. C.) Star relative to the book entitled "The Strange Career of Mr. Hoover—Under Two Flags." The words of the New York Supreme Court justice describe it fully.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington (D. C.) Star, January 13, 1933]

SUIT OVER HOOVER BOOK THROWN OUT—AUTHORS OF "STRANGE CASE" DENOUNCED BY NEW YORK SUPREME COURT JUSTICE

NEW YORK, January 13.—Supreme Court Justice Peter Schmuck yesterday denounced a book entitled "The Strange Case of Mr. Hoover Under Two Flags," and threw out a suit for an accounting of its profits.

He ruled that "neither plaintiff nor the defense is entitled to equity's consideration" because they did not come to court with "clean hands."

James J. O'Brien, a former policeman, brought the suit against John Hamill, author of the book, and William Faro (Inc.), the publisher. He said he financed Hamill in assembling the material and writing it.

DOCUMENTS GARBLED

"The tenet of equity that a supplicant must come into court with clean hands has startling application to the matter at hand," Judge Schmuck said in his decision.

"The most superficial examination of the Strange Case of Mr. Hoover Under Two Flags causes instant anger because of its patent unfairness and untruthfulness," Judge Schmuck continued. "The documents and records * * * are patently excerpts garbled and selected, because standing alone they permit inferences never intended. * * *

ATTACK CALLED RUTHLESS

"This was known to the plaintiff and insisted upon by him in the furtherance of the scheme to make money at the expense of one whose exalted position forbids his descending to even notice the slander. The facts leave but one impression, that none of the parties involved is entitled to equity's protection, for the plaintiff, as well as the defendants, is made hideous by the meanness and ruthlessness of the attack.

"Unfortunately, this issue does not permit a satisfactory determination of this matter by consigning these books to oblivion.

Until proper action is taken, the Strange Case of Mr. Hoover Under Two Flags and Hoover's Millions and How He Made Them will continue to outrage decency. * * *

"As it would be a travesty on common sense to grant the usual sop awarded a successful litigant, no costs will be granted."

BANKING ACT

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

The PRESIDING OFFICER (Mr. Fess in the chair). The question is on the amendment of the Senator from Louisiana [Mr. LONG] to the amendment of the Senator from Michigan [Mr. VANDENBERG].

Mr. THOMAS of Oklahoma. Mr. President, I assure the Senate that I will take no more time than is absolutely necessary to state what I think should be stated. What I shall have to say will have to do with the depression that now exists throughout the United States. I will try to outline as best I may the reasons for this distress and, in the end, suggest a remedy; and that remedy is reflation, and if not reflation, then revolution.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. THOMAS of Oklahoma. I do.

Mr. BORAH. Would it interrupt the Senator if I called attention to the views of Sir Arthur Salter upon the subject the Senator is now discussing?

Mr. THOMAS of Oklahoma. I should be very glad to yield for that purpose.

Mr. BORAH. Sir Arthur Salter, British economist, in a recent address in London declared that if a world policy of reflation or some alternative method could be achieved, "every problem with which we are faced would be lightened."

A back-breaking burden of debt, both public and private, has delayed the economic recovery of Europe, he said in his address on the coming world economic conference.

Further in his speech he said:

I think we should concentrate now on what the world most needs, on reflation; that is, on securing an increase of prices to an agreed level by the aid of monetary policy.

If a world policy of reflation can be achieved or some alternative method, every problem with which we are faced would be lighter. Monetary and financial policy must come first, but there remain the old familiar sphere of commercial policy.

Mr. THOMAS of Oklahoma. Mr. President, if the Congress would accept the recommendations of that distinguished English economist, I should not have to make my speech.

Mr. President, what I shall have to say will be based almost entirely upon records, figures, and admitted facts. As I proceed, if any Senator takes exception to anything that I say based upon a record or a figure or an assumed fact, I shall be glad to yield to have my inaccuracy pointed out.

Mr. LONG. Mr. President, will the Senator permit me to interrupt him to ask a question?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. Has the Senator's attention been called to an address of Governor Roosevelt, delivered in December last year, about this nefarious branch-banking proposition, delivered to the Westchester bankers?

Mr. THOMAS of Oklahoma. It has not.

Mr. LONG. I wish to ask the Senator whether or not he knew that Governor Roosevelt was quoted to this effect. I am reading only a part of this address. If, by some chance, I should get the floor to-day, I will read the balance of it.

Quoting Governor Roosevelt in this address, about which I wanted to ask the Senator, he said in December, 1932:

I don't care if it is a local man put in charge of a local branch, he is, nevertheless, the representative of an absentee landlord. If New York reaches into your county and runs your banks, you may like it, but don't forget that effect is going to be felt soon in

Dutchess County, in Orange County, and a little farther to Columbia, then on to the capital district. My feeling is that this is a problem you bankers have got to show leadership in.

Mr. THOMAS of Oklahoma. Mr. President, I am very glad to know that the President elect supports the position which I take upon this floor.

On yesterday I read into the RECORD a very large number of telegrams from bankers in my State, both State and national; and without exception these telegrams were opposed to branch banking. I had no telegram excepting those in opposition to this so-called branch-banking system.

This morning I have two other telegrams. I have many others from bankers which I will not take the time to read, but this morning I have two other telegrams, one from the president of the Chamber of Commerce of Oklahoma City, the capital of Oklahoma, a city of more than 200,000 people. The chamber of commerce embraces and has among its members the leading business men of that city. On yesterday the chamber of commerce of that great city met and took action upon this identical proposition. This morning I have a telegram from the president of the chamber of commerce, Mr. J. F. Owens, himself well known in a large section of these United States. The telegram is as follows:

A resolution was passed by our board of directors to-day against branch banking and group banking, as described fully in United States Chamber Referendum 63 on banking. We hope your views coincide with ours and that you will use your influence accordingly.

J. F. OWENS,

President Oklahoma City Chamber of Commerce.

Mr. President, this morning I have another telegram from New York City. This telegram is from a member of one of the largest brokerage firms in that city—a brokerage firm that deals on the one hand in commodities, cottons, and grains; a brokerage firm that on the other hand deals in securities, stocks, and bonds—mainly stocks.

I read this telegram, as follows:

In my opinion and opinion of many leading economists and bankers, Glass banking bill is decidedly against interest of our people. The most vital question before our country to-day is currency expansion, equitably controlled inflation, and revaluation, to restore value of commodities, raw materials, farms, real estate, and other property. Unless this is quickly done, our country is face to face with a financial disaster and maybe a social catastrophe.

ROBERT HARRISS.

A member of the firm of Harriss & Vose on the one side and a member of the firm of Harriss Bros. on the other.

Mr. President, I call the attention of the Senate at this time to one paragraph of the eloquent address delivered in this Chamber on January 9, the address having been made by the distinguished junior Senator from Virginia [Mr. GLASS]. I quote his words with approval, as follows:

Senators who complacently imagine that we are out of our trouble, that bank failures have ceased or will soon terminate, are vastly mistaken. I should not like here to depict the exact situation as it has been portrayed to me by those who are charged with the duty of supervising banking institutions and exacting from them obedience to the law. The laws and regulations of the comptroller's office here in Washington have not been enforced now for nearly two years; and the office dare not enforce them now because even the best informed may not accurately conjecture what would be the result.

So many of the banks have their portfolios choked with immobile and in many instances worthless investment securities; so many of the banks have been compelled to discard caution in order to accommodate commerce and industry; so many of the banks have failed and are now failing to write off their books losses incurred and worthless accounts, that the office of the Comptroller of the Currency has been compelled almost to close its eyes to the situation.

"Bank failures have ceased?" Why, there have occurred in these five days of January 23 bank failures—3 of them national banks and 25 State banks. There occurred in the month of December 145 bank failures, of which 19 were national banks and 126 were State banks.

Mr. President, there can be no question but that that statement is true.

What I have just read was uttered upon this floor this week by the distinguished junior Senator from Virginia [Mr. GLASS]. I hold in my hand a volume published by the distinguished junior Senator from Virginia. It is the report of the Treasury for the year 1920. On page 1171 of

this volume, not prepared by the then Secretary of the Treasury, the distinguished Senator from Virginia at this time but by an official of the Treasury Department, the Comptroller of the Currency, and published in this book, this is what the junior Senator from Virginia then said:

National banks at highest point.

These are headlines. I will not take the time to read the text.

The second headline:

Number of depositors exceeds all records.

The third:

National-bank failures near zero. Immunity unparalleled.

The next:

Earnings for 1920 far ahead of all former years.

The next:

Bank resources surpass all previous figures.

That was the record made by the Secretary of the Treasury in the year 1920. This week we have the second statement. One is the South Pole; one is the North Pole. One is the height of prosperity; one the depth of despair. There must be some reason for this. In 12 years' time this Nation has come down from its former high peak to the depths of despair; and yet this depression is in its fortieth month, and so far as I know, not a single committee of the Senate has devoted its attention to trying to find out the reason why.

In December of 1930, only a year after the depression broke, I tried to secure the appointment of a special committee consisting of the chairman of the great committees of the Senate, this special committee to have for its particular duties an investigation as to the cause of the depression and the suggestion of some remedies. After a few days' discussion the Senate, by its vote, said that there was not any depression and there being no depression there was no occasion for a special committee. At later times I have tried to bring this subject before the attention of the Senate. Last year we had before the Senate a bill that was debated for days, the Costigan-La Follette bill. The Manufactures Committee had hearings on that bill by the days, by the weeks, I think by the months; and that committee, through its chairman and its members, brought before the Senate an astonishing array of conditions which existed throughout the country at that time; but when the vote was held, the bill failed of passage.

Now, in the fourth year of the depression, I can see but scant hope that this Congress will do anything, even investigate the facts which brought about the existing condition.

Mr. President, on yesterday I called the attention of the Senate to the activities of the Federal Reserve Board, and I want the Senate not to forget that the Federal Reserve Board is the agent of the Congress.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WALSH of Massachusetts. The Senator has been commenting upon what little action has been taken by the Congress in connection with the present depression. He yielded the floor a few minutes ago to permit the Senator from Idaho [Mr. BORAH] to call attention to the statement of Sir Arthur Salter, to the effect that if a world policy of deflation, or some alternative method, could be achieved, "every problem with which we are faced would be lightened."

The Senator from Idaho approved of the sentiment expressed by Sir Arthur Salter. I understood the Senator from Oklahoma to agree with the views of both.

Mr. THOMAS of Oklahoma. In principle, I do.

Mr. WALSH of Massachusetts. Have any steps been taken by anybody connected with the executive department or the legislative department of the United States Government looking toward carrying out the views expressed by Sir Arthur Salter, and which has undoubtedly the approval of many of the Members of this body, as well as the Senator from Oklahoma and the Senator from Idaho?

Mr. THOMAS of Oklahoma. During the afternoon I will point out some things in more detail than I can now. I will state, briefly, that during the past summer the Federal Reserve Board undertook to inflate by entering the open market and buying Government bonds. During the summer the Federal Reserve Board actually bought about eleven hundred million of Government bonds, paying for those bonds Federal reserve notes. The board thereby placed in circulation \$1,100,000,000 in money; but as soon as the banks which sold those bonds received the money, they sent it back immediately to the Federal reserve banks to pay off their indebtedness. So as a result of that policy of placing \$1,100,000,000 in circulation at the end of the year there was less money in circulation than at the beginning.

Mr. WALSH of Massachusetts. No appreciable benefit resulted from that action?

Mr. THOMAS of Oklahoma. None whatever.

Mr. WALSH of Massachusetts. Here is a statement by a great world authority, a great economist, a great statesman, which is approved and agreed to by many Members of this body. I inquire what, if anything, has been done or is contemplated being done to carry out the proposal which he makes, and which so many statesmen throughout the world feel would be beneficial in relieving the present depression?

Mr. THOMAS of Oklahoma. I am delighted that the Senator from Massachusetts has suggested this point, which gives me a chance to make some comments upon that matter.

Mr. WALSH of Massachusetts. I will appreciate hearing them.

Mr. THOMAS of Oklahoma. I can state without fear of successful contradiction that the financial power in New York City is against any sort of expansion, inflation, or reflation, or anything that would place more money in circulation. I make the charge and statement here that that power in New York City controls the Federal Reserve Board in Washington, and the Federal Reserve Board is the agent of the Congress. So that power in New York, through the Federal Reserve Board, controls the Congress. That is what I tried to say yesterday.

Mr. WALSH of Massachusetts. And there is no hope of any recommendation by the Federal Reserve Board looking in the direction of the remedy suggested?

Mr. THOMAS of Oklahoma. None whatever, as the Federal Reserve Board is now constituted, and the Senator from Virginia has a bill upon this floor, taking the time and attention of the Senate, proposing to modify the Federal reserve act. That act has been amended about twenty-five times since it was first enacted. Let me say to the Senator that, in my humble judgment, which amounts to nothing in the estimation of the Senator from Virginia, what the Nation needs is not a new banking act; it needs a new Federal Reserve Board. If that section of the bill where the Senator seeks to create a new board ever comes before the Senate for consideration, I propose to offer an amendment whose effect would be, first, to wipe out the board that we have and then permit the creation of a new board. My purpose would be to sever the connections of the present membership of that board with the new government that comes in on the 4th of March. Of course, I would expect to let the members of the board serve until their successors should be appointed and qualified.

On the point raised by the Senator from Massachusetts, I have just pointed out one plan upon which the bankers decided to reflate, and I might make this suggestion, which is true, that that plan was a competing plan to the Patman bonus bill. As soon as the Congress adjourned and went home, the Federal reserve banks stopped the buying of bonds.

During the last days of the last session the Senator from Idaho [Mr. BORAH] offered to the home loan banking bill what was known as the Borah-Glass amendment. That amendment provided that national banks could double the amount of circulation which they were permitted to have in existence before that act was passed. In other words, if

a national bank had \$1,000,000 capital, it could at that time have had a \$1,000,000 of national-bank currency in circulation. Under the Borah-Glass amendment that bank could have a second \$1,000,000 in national-bank currency in existence. That made it possible for the national banks to increase the circulation to the extent of \$995,000,000.

The Senate passed that measure, it went to the House, the House agreed to the amendment, the amendment measure went to the President; and so fearful was the President that the amendment might be inflationary that before he would sign his own bill, the home loan bank bill, he sent that amendment over to the Treasury and asked the Treasury to advise him whether or not the Borah-Glass amendment made of that act an inflationary act. The Treasury Department, after due consideration, advised the President that it was not necessarily inflationary and correctly so advised him. I have not talked to the Treasury, but I know what their reasoning must have been, and I will explain it to the Senator if he is interested in knowing.

Under that amendment, the national banks had it in their power to increase the circulation \$995,000,000, approximately. The Secretary of the Treasury advised Mr. Hoover that that might be inflationary, but that it was not necessarily inflationary; and here is what he meant. At that time the Secretary of the Treasury knew that the Federal reserve banks had in their portfolios eighteen hundred millions of Government bonds; and if the national banks began to exercise their right under the Borah-Glass amendment, and place more money in circulation, as fast as they did the Federal Reserve Board could sell the Government bonds and draw the money back out of circulation; and that is exactly what they have done.

In the place of the financial power of New York being in favor of placing more money in circulation, they want less money in circulation. In place of the Federal Reserve Board wanting more money in circulation, that board wants less money in circulation.

Mr. WALSH of Massachusetts. Mr. President, how does the Senator explain their position? What reasoning leads them to that viewpoint?

Mr. THOMAS of Oklahoma. It is as simple as the noon-day sun in Oklahoma. I will come to that matter a little more in detail later; but the financial power has in its strong box two hundred billions of securities. The question is, Do they want securities of high value or securities of low value? The value of the securities is based upon the dollar. Do the folks who have their wealth in fixed investments like Government bonds, State bonds, city bonds, and corporation bonds want a cheap dollar or do they want a dear dollar? The higher the dollar goes, the more wealth they have. The cheaper the dollar becomes, the poorer they are. So the financial power wants dollars scarce; and the scarcer they are, the higher they are in buying power. The people who produce and toil and work want cheaper dollars so that they can have a chance to see some of them occasionally.

Mr. LONG. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. I wondered, in that connection, whether the Senator was familiar with the experience of the old Roman general and consul, Crassus, who was so determined to hold all the medium of exchange, that he hoarded all the gold in the province over which he was then the power, and he carried his avarice to such an extent that his subjects broke in and took the gold, melted it, and poured it down his throat, so that he might have enough.

Mr. THOMAS of Oklahoma. Mr. President, if the present trend of the influences to which I have referred continues for 12 more months, I would not be surprised—and I regret to make the admission—that we may have a recurrence of that policy in the United States.

Mr. LOGAN. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. LOGAN. Do I understand that it is the judgment of the Senator that if the Federal reserve system were administered in a proper way, the currency could be inflated under present laws?

Mr. THOMAS of Oklahoma. Mr. President, when the distinguished junior Senator from Virginia [Mr. GLASS] first wrote the Federal reserve act, away back in 1915 and 1916, the act was passed by a friendly Congress, it was administered by a friendly President, a friendly President appointed a friendly board, the friendly board was confirmed by a friendly Senate, and that friendly board, acting under the original Federal reserve act, placed in circulation sufficient money to make it possible for the distinguished Senator from Virginia, in writing his 1920 report, to say that the finest conditions the Nation had ever seen prevailed.

Mr. LOGAN. That is what we call an elastic currency, about which we talked so much just after the Federal reserve system was set up.

Mr. THOMAS of Oklahoma. It was an elastic currency. Friendly hands stretched this rubber currency to a great extent. When unfriendly hands came and took possession of this rubber currency, it collapsed; and I will come to that later.

Mr. President, the Senator from Virginia is doing me the great honor to listen to what I say. I do not desire to make an incorrect statement or draw a wrong conclusion. I am not a banking expert. I was never on the inside of a bank, except on the outside of the counter. I am not a banker; and if I make a mistake, if the Senator from Virginia will point out wherein I err, I will be glad to be corrected.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I am glad to yield.

Mr. GLASS. If the distinguished Senator from Oklahoma will point out to me just exactly how the Federal Reserve Board here in Washington, an altruistic supervisory body of the Federal reserve system, can issue any currency at all, and, if the Senator has discovered any provision of law that would enable the Federal Reserve Board at Washington to issue any currency, if he will further explain to me just to whom the board would issue the currency, and for what purpose, I would be greatly obliged to him. I would apply for some of it myself, if it would be worth anything.

Mr. THOMAS of Oklahoma. Mr. President, may I reply by asking the junior Senator from Virginia a question? By what authority of law did the Federal Reserve Board last year, from April to July, place in circulation a billion one hundred million dollars of money?

Mr. GLASS. The Federal Reserve Board did not place a dollar in circulation. Certain Federal reserve banks, as I conceive, under mistaken authorization of Congress, out of their acquired resources, bought more than a billion dollars of bonds from the individual banks, and a large part of that was a bookkeeping operation. The individual banks owed the Federal reserve banks. They did not owe the Federal Reserve Board a cent. They owed the Federal reserve banks a large part of that money, and the operation simply reduced or extinguished the indebtedness of these various member banks to their Federal reserve banks, and thereby enabled the member banks, if they so pleased, to extend credits to commerce and industry.

The Senator from Oklahoma is entirely correct if he means to say that the member banks did not avail themselves of the privilege of extending credit to commerce and industry. I think perhaps he speaks accurately in that respect. I venture to say that if he will go home and inquire he will find that just as many of the member banks of Oklahoma as of any other State refused to avail themselves of that privilege.

So that what the Senator would like to do, but which in my humble judgment and my extreme ignorance of banking processes I can not understand what he exactly is doing, is to censure the 7,600 member banks of the Federal reserve system, the commercial banks, for their omission or refusal to extend credits to the commerce and industry of the country.

Mr. THOMAS of Oklahoma. Mr. President, the distinguished Senator assumes or intimates that I have criticized the 7,600 banks. I have reserved that for his criticism, for he called them "pawnshops." I have not criticized the 7,600

members banks nor the balance of the 19,000 doing a banking business in the United States.

The Senator on the technical point was technically correct but not explicit. The Senator could tell, if he would, that while the Federal Reserve Board does not make loans and does not contract the currency and does not expand the currency, yet the Federal reserve banks under the Federal Reserve Board do those identical things. The Federal Reserve Board has a special wire from its office down on Pennsylvania Avenue direct to each of the 12 Federal reserve banks in these United States, and in each of the 12 Federal reserve banks the Federal Reserve Board has its Federal reserve agent at the other end of that wire. Does not that make the 12 banks members in effect of the Federal Reserve Board?

Mr. GLASS. Why, of course not. Can the Senator point to a single refusal of the Federal Reserve Board at Washington to approve a commercial loan granted by a Federal reserve bank to a member bank?

Mr. THOMAS of Oklahoma. I do not care to go into that detail. I am not a banker. I know what the facts are.

Mr. GLASS. That is a very important detail. The Senator is denouncing the Federal Reserve Board here in Washington. I am asking him to point to a single instance in which the Federal Reserve Board here at Washington has declined to approve a commercial loan proposed to be granted by a Federal reserve bank to a business man.

Mr. THOMAS of Oklahoma. Of course, the Federal Reserve Board has not refused to approve a commercial loan, because that is not its function. No commercial loan goes to the Federal Reserve Board in Washington.

Mr. GLASS. Then why is the Senator from Oklahoma denouncing the Federal Reserve Board, if the Federal Reserve Board has not done those things of which he complains?

Mr. THOMAS of Oklahoma. That is the burden of my speech this afternoon. If the Senator will be patient, as I proceed I shall be glad to yield.

Mr. President, answering further the suggestion made by the distinguished Senator from Massachusetts [Mr. WALSH], on yesterday I showed that the Federal Reserve Board publishes a report about 4 o'clock on each Thursday afternoon. During the past several weeks the Federal Reserve Board, supervising the several Federal reserve banks, has taken out of circulation vast sums of money. I stated on yesterday that to-day I would have their report, which would be released at 4 o'clock yesterday, and I now exhibit to the Senate a copy of that report. This report shows that in the one week before 4 o'clock yesterday the Federal reserve system took out of circulation the sum of \$80,000,000 and canceled the money.

Mr. President, the action of the Federal Reserve Board, acting through its 12 banks, in taking \$80,000,000 of money out of circulation and canceling it, has the same effect upon the buying power of the dollar as it would have upon wheat if the Farm Board would take 80,000,000 bushels of wheat from their storage and sink it in the center of the Atlantic. When the wheat is destroyed, the visible supply of wheat is made scarcer, and the scarcer the wheat the higher the price. When the Federal Reserve Board takes \$80,000,000 of money out of circulation, they make money that much scarcer and to that extent the buying power of the dollar ascends.

Mr. GLASS. Mr. President—

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Oklahoma yield further to the Senator from Virginia?

Mr. THOMAS of Oklahoma. I yield.

Mr. GLASS. I am learning at the feet of the distinguished Senator.

Mr. THOMAS of Oklahoma. I appreciate the compliment.

Mr. GLASS. Therefore, I want to propound another question. Just exactly how does the Federal Reserve Board take the \$80,000,000 out of circulation? Is it that the Senator means that the member banks of the Federal reserve system paid \$80,000,000 of their indebtedness to the Federal reserve

banks because patrons of those member banks paid their notes and no longer required the loans? Why, of course, then the \$80,000,000 technically under the law goes out of circulation. The Federal Reserve Board is not authorized to take a dollar out of circulation.

Mr. THOMAS of Oklahoma. Then they are grossly violating the law. The Senator asks me the question how they take money out of circulation. I am glad to answer. This report answers the question. This report shows that during the seven days prior to 4 o'clock on yesterday the Federal Reserve Board sold \$39,000,000 of its Governments, and when they sold \$1,000,000,000 of Government bonds, they required the purchaser to turn in cash, and by cash I mean either gold or silver or paper. That is how they take money out of circulation.

Mr. GLASS. It is my contention that the vice of the Federal-reserve management consisted in choking up their portfolios with nearly \$2,000,000,000 of United States bonds for which they had no use, and now the Senator would have them retain those bonds indefinitely, regardless of the bond market, in order that the credit thus given to member banks might continue, though it has not been utilized in ministering to commerce or industry.

Mr. THOMAS of Oklahoma. The Senator just uttered two words that are most significant—"bond market." Bond market? Mr. President, the bond market controls the financial power of New York City. The bond market controlling that financial power controls the Federal Reserve Board in the city of Washington. The bond market controlling the financial power of New York City, and through that control controlling the Federal Reserve Board, is in control of the Congress of the United States.

Mr. President, I said a while ago that when \$80,000,000 is taken from circulation, that makes money scarcer, and the scarcer we make money the higher its buying power, and the higher the buying power of the dollar the lower go commodities. Let me call the attention of the Senate at this point to absolute proof of that philosophy. On yesterday the stock market reacted. Money taken from circulation made money scarce. When money became scarce, it went higher in buying power. When money goes higher in buying power, stocks and commodities go down. When \$80,000,000 were taken from circulation yesterday—I call attention to the Washington Post to answer that question:

Stock prices slump again in profit and short drives. Curb gains halted in irregular sales. Wheat values sink on selling drives.

That is the stock market. Let me call attention to the commodity market. I read from the Daily Investment News, of New York City:

Wheat sells off again, closing at bottoms. Sugar spot eases 3 points. Futures turn downward. Silk sales volume 540 lots as prices drop 6 to 9 points. Late cotton selling wave wipes out early gain.

Is there any relation between prices and the amount of money in circulation? Mr. President, during this year numerous bills have been brought before the Senate, and every time a bill has been brought before the Senate which even promised inflation, commodities began to rise, stocks began to go up, and then as soon as it was seen that the bill would not go through they began to sink again.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. May I ask the Senator if it is not pretty well known that one of the corner stones of the kind of legislation now before the Senate is to maintain the principle of not refating the medium of exchange? Is not that generally known? Does the Senator find much dispute upon that proposition?

Mr. THOMAS of Oklahoma. The distinguished junior Senator from Virginia is apparently against any sort of expansion of credit. He is here and can speak for himself, but that is what I understand.

Mr. GLASS. On the contrary, the junior Senator from Virginia wrote that provision which would have enabled the

member banks of the Federal reserve banking system to have expanded the currency nearly \$1,000,000,000 if they had cared to do it or if business would have justified it. As a matter of fact, under that provision of law alone nearly a thousand banks have loaned \$150,000,000 to their customers.

Mr. LONG. Is it not a fact that, leaving it within the province of the Federal reserve banks to issue currency, who are under the dictation and bludgeon of the Federal Reserve Board, means no more in the practical sense than that if the Federal Reserve Board does not want that currency issued it would not be issued?

Mr. THOMAS of Oklahoma. The Federal Reserve Board and the Federal reserve banks, the big bankers of New York, have no objection to issuing bonds. They have no objection to issuing credit. But when we come to put a dollar of gold or silver or paper in circulation, they hold up their hands in holy horror. Therefore there must be a distinction between credit money and deposit money on the one hand, and gold or silver or paper, the kind of money with which one can buy a railroad ticket, on the other hand.

Mr. GLASS. Does the Senator from Oklahoma mean to assent to the ridiculous proposition that either the Federal Reserve Board or any Federal reserve bank has anything whatsoever to do with a member bank issuing its notes under that provision of the bill known as the Glass-Borah provision?

Mr. THOMAS of Oklahoma. The Federal Reserve Board could be very influential in advising the banks, but they could not require them to do anything.

Mr. GLASS. Nor could the Federal reserve bank under the law require them to do anything.

Mr. THOMAS of Oklahoma. The Senator is right.

Mr. GLASS. In other words, the Senator's bank, if he has a bank, can issue up to the limit of twice its capital under that provision.

Mr. THOMAS of Oklahoma. That is correct, and the banks have taken advantage of that to the extent of \$150,000,000.

Mr. GLASS. Precisely so, and neither the Federal reserve bank nor the Federal Reserve Board has anything to do with it.

Mr. THOMAS of Oklahoma. Here is what I complain of: Just as fast as the national banks take advantage of the Senator's amendment and issue additional currency, the Federal Reserve Board or the Federal reserve bank reaches out and begins to sell its Governments, and withdraws the money faster than the banks can possibly place it in circulation. That is what I complain of.

Mr. LONG. I ask the Senator, in addition to that, which means that they take up the money as fast as it can come out, and a little faster, as the Senator showed here the other day—

Mr. THOMAS of Oklahoma. That is true; they do it faster.

Mr. LONG. If the advice of the Federal Reserve Board to these banks is not in effect more than advice. In other words, if they were to advise these banks, that is about all any banking comptroller at the top ever does. If the comptroller, the board, were to advise the banks whether or not the business situation should justify and require issuance, would not that advice, in most cases, be regarded almost as an order in banking circles?

Mr. THOMAS of Oklahoma. I think so.

Mr. President, I made a statement just now as to the distinction between credit money, deposit money, and cash; and by "cash" I mean gold, silver, and paper, the kind of money that one can go to the bank and draw out through the cashier's window and go down to the railroad station and buy a ticket to his home; that is what I call cash money.

Credit money is what the banks are full of. The banks to-day have on deposit something like \$45,000,000,000 of credit money. We have 20,000 banks. These 20,000 banks have on deposit approximately something like \$45,000,000,000. Yet to-night, Mr. President, when these 20,000 banks close their doors and balance their books, all together

they will not have in their vaults a total sum of \$800,000,000. In other words, they have on their books \$44,200,000,000 of credit money, deposit money, and they have in their vaults less than \$800,000,000 actual money.

Some Senators, and others who claim to be familiar with this subject matter, seem to believe that when the banks have on deposit \$45,000,000,000, they actually have in their strong boxes and vaults \$45,000,000,000 of shining gold or \$45,000,000,000 part gold and part silver and part currency, the kind one can trade to a stranger for something he has that he does not want.

Mr. President, let me place some additional facts in the RECORD. I realize I am talking for the RECORD, and that is entirely satisfactory. During the past 12 months the Reconstruction Finance Corporation has loaned something like \$2,000,000,000, which loans have been made to 5,000 banks, to life-insurance companies, and to railroads in the main; the Federal Reserve Board has purchased eleven hundred million dollars of bonds and paid for those bonds with Federal reserve notes, thereby placing actual money in circulation to the extent of that sum; the banks of the country have extended their circulation through the Glass-Borah Act in the sum of \$150,000,000, all of which means that during the past 12 months there has been placed in existence what some people call money, but what is not money, to the extent of \$3,350,000,000. The Reconstruction Finance Corporation has loaned \$2,000,000,000, but it has not loaned a single penny of actual money; it has loaned nothing but credit, the credit of the people of the United States.

Under the Reconstruction Finance Corporation act the Reconstruction Finance Corporation board has the power, and it is exercising that power, to place mortgages on the property of the people of the Nation, then cashing those mortgages at the Treasury in credit, writing their checks upon the Treasury in credit, and making bookkeeping loans to banks and railroads and life-insurance companies.

When the Federal Reserve Board put eleven hundred million dollars in circulation, through the buying of bonds, the banks that received this money sent it right back. So when the transaction was over the Federal Reserve Board had the bonds of the banks and the banks were minus their debt to the Federal reserve system, because they sent the money back immediately to liquidate their debts, and the transaction counted for nothing.

When the banks, under the Glass-Borah amendment, extended their circulation to the extent of \$150,000,000, just so soon as they placed the money in circulation the Federal reserve system began to sell its Government bonds and required cash to be paid for those bonds, then threw the cash out, and canceled it. What is the result? In 12 months' time the Government has placed in existence what some people call money, a sum of over \$3,000,000,000; yet to-day there is \$57,000,000 of actual money less in circulation than there was a year ago. Here are the facts: On the 1st of January, 1932, there was actual cash in circulation—and by "cash" I mean gold, silver, and paper—the sum of \$5,646,000,000. On yesterday, the 12th of January, 1933, there was in circulation only the sum of \$5,589,000,000. In other words, after we have seen placed in circulation what some people think is money up to the sum of \$3,350,000,000 we are confronted by the fact that to-day we actually have \$57,000,000 less in circulation than we had before we started to place this money in circulation.

It is no wonder, Mr. President, that wheat is going down in price; it is no wonder that cotton is going down in price; it is no wonder that silver is going down in price; it is no wonder that commodities of all kinds and character are going down in value; it is no wonder that common stocks are going down in value daily; and so long as the Federal Reserve Board continues the policy of taking actual money from circulation and canceling it, there can be no change to this trend of down, down, down.

Mr. President, I realize that banking and currency legislation is the most important legislation that ever comes before the Senate. Banking and currency legislation is the

most important legislation that has ever come before any legislature, before any Congress, or before any parliament, and the power that controls financial legislation controls everything. While I agree that this bill is a most important measure because it has to do with banking and currency, yet, in my judgment, it takes the wrong angle upon banking and currency.

Mr. President, who is responsible for the conditions that exist throughout the country to-day? We have heard it said upon this floor that Europe is responsible for American distress; that the unemployed to-day in America have Europeans to blame for their unemployment; that the hungry to-day in America have Europeans to blame for their hunger; that the naked in America have Europeans to blame for their nakedness. Mr. President, I am waiting anxiously for some one to tell us how Europe is so greatly responsible.

Who governs these United States? Many answers could be made to that question. No one can deny that we have but one governing body for these United States under the Constitution, and that governing body is the Congress of the United States. I exhibit to the Senate a copy of the United States Constitution, a small thin pamphlet. This one happens to be printed on heavy paper, with extra large type, and yet one can put it in his vest pocket; and, with the blank leaves and fly leaves, it contains but 40 pages. It contains but a few thousand words. Upon analysis of this Constitution, it will be found that we have three branches of the Government. The first one, as set forth in the Constitution, is the legislative branch; and the text of the Constitution devoted to the legislative branch is 65 per cent. Then comes a small percentage of the text devoted to the Executive power, and then a small percentage devoted to the judicial power. The remainder is devoted to sundry amendments. Mr. President, I assert that the makers of the Constitution had in mind that the Congress should be the real policy-making body of this Nation or else they would not have devoted 65 per cent of this basic document to the duties and powers of the Congress.

I am aware, Mr. President, that, perhaps, not all the Members of Congress realize the heavy responsibility that rests upon their shoulders. At this time, as I speak, there are in the Chamber the distinguished senior Senator from West Virginia [Mr. HATFIELD], who does me the honor to listen; the distinguished junior Senator from North Carolina [Mr. REYNOLDS], who likewise honors me; my colleague from Oklahoma [Mr. GORE], who does me the special honor of listening to what I say; the junior Senator from Ohio [Mr. BULKLEY]; the junior Senator from Florida [Mr. TRAMMELL]; the junior Senator from Massachusetts [Mr. COOLIDGE]; and since I have begun to enumerate those present, others are coming upon the floor. I think, perchance, I should go ahead and call the roll. I see coming in the door the distinguished junior Senator from Virginia [Mr. GLASS].

Mr. GLASS. I beg the Senator's pardon; I have not been out of the door; I have walked around. [Laughter.]

Mr. THOMAS of Oklahoma. I withdraw the statement.

Mr. President, what I was trying to say was that the conditions that exist in these United States to-day can be credited to no power on earth save the Congress of the United States. Who is there here to challenge that statement? Four years gone in the depression, six weeks of this session gone, seven weeks yet remaining; and what do we propose to do to change conditions as they are?

Now, Mr. President, let me relate from the record what some of these conditions are.

I am sorry to admit that times are worse to-day than they were yesterday. They are worse to-day than they were last week. They are worse in January than they were in December. They are worse to-day than they were a year ago; and yet the Senate sits idly by and refuses even to listen.

Mr. DILL. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. DILL. In connection with what the Senator is saying, I desire to call his attention to the fact that the Senate is doing nothing except trying to pass a bill that, as now

written, will only enlarge the great aggregations of capital, that are not seriously suffering in these times, and make more helpless the millions who are suffering.

Mr. THOMAS of Oklahoma. Why, Mr. President, with the Budget unbalanced—and that is all we have heard here for 12 long months, the duty of the United States Congress first and continuously is to work to balance the Budget—to-day it is unbalanced by more than a billion dollars, and the bill now before the Senate proposes to appropriate \$125,000,000 of the taxpayer's money and turn that money over to a liquidating corporation proposed to be created by this bill; and thereafter the United States Government and the people who make up this Government get no return from the \$125,000,000, nor do they ever get the \$125,000,000 back!

Mr. DILL. Mr. President—

Mr. THOMAS of Oklahoma. I yield.

Mr. DILL. I remind the Senator that we were told that we must pass the Reconstruction Finance Corporation bill to save the banks of this country. We were told that everything was going to be wrecked if we did not do that. The cry of "Wolf! Wolf!" drove us to do that; and we find that \$800,000,000 has been poured into the banks, and still we are told now that we must pass more legislation to give these big banks still more power and more money and more control, while conditions continue to grow worse.

Mr. GLASS. Mr. President—

Mr. THOMAS of Oklahoma. I yield.

Mr. GLASS. I have great respect for the Senator from Oklahoma, and do not care uselessly to break in on the thread of his speech.

Mr. THOMAS of Oklahoma. I welcome the Senator's suggestions, statements, or questions.

Mr. GLASS. If the Senator thinks that I know anything about legislation, and particularly this bill, I should want to guard him against misstatements of fact, because he ought to know—he sat here at the time, as I recall—that I have sent to the desk and there has been printed an amendment to the liquidating-corporation provision of the bill which does not require an outright appropriation of \$125,000,000, which I think would be just, but authorizes the Government to subscribe that amount to the stock of the liquidating corporation, and to receive in compensation dividends alike with the member banks.

Mr. THOMAS of Oklahoma. I am glad to be corrected. I am sure the Senator is stating the matter correctly.

Mr. President, I have just stated that conditions are worse to-day than they were yesterday, last week, last month, or last year. Does anyone want to dispute that statement? Does anyone want to challenge it? The distinguished Senator sitting at my right, the junior Senator from Virginia [Mr. GLASS], says they will be still worse next week. I greatly fear that apprehension is well founded.

Mr. LONG. Mr. President—

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. I was called out of the Chamber. Did the Senator from Virginia state that conditions would be worse next week?

Mr. THOMAS of Oklahoma. He did.

Mr. LONG. I am surprised. [Laughter in the galleries.]

Mr. GLASS. I meant in the country, Mr. President. I do not think they could be much worse in the Senate.

Mr. THOMAS of Oklahoma. I will state that they could be much better in the Senate.

Mr. LONG. Will the Senator permit me to join him in that statement?

Mr. THOMAS of Oklahoma. Now, Mr. President, I am going to make the record. I am going to try to show what the conditions are in these United States. Apparently, Senators do not know, and that is not the worst part about it. Apparently, they do not care.

New York Times, Sunday, January 1, 1933—I am going to read headlines only. I shall not take the time to read the text. The headline is as follows:

Bankruptcies set a record in 1932. Three thousand one hundred and forty-two petitions filed in this Federal district, against 2,717 in 1931.

The Evening Star, Washington, December 27, 1932:

Farm price trend continues lower.

New York Daily Investment News, December 29, 1932—I am reading headlines only, Mr. President:

Wholesale prices decline 12 points in week.

Another Daily Investment News article:

Steel operating pace shows further drop.

The headlines of another article:

Sixty-four rails in November show net 8 per cent off 1931.

Journal of Commerce, New York City, December 27. If anyone desires to challenge my authority, I shall be glad to have the challenge entered. I am not taking radical papers. I am afraid to read radical papers any more, Mr. President. I am embarrassed when I read the most conservative.

New York, Tuesday, December 27, 1932:

The Journal of Commerce commodity price index declined to 55.5.

I read:

The wholesale-price level, according to the index compiled by the Journal of Commerce, was lower last week. Movement of the 10 principal groups of commodities used in constructing the index and price trends of individual commodities are shown in the Commodity Service on page 11.

Recent weekly changes in prices and comparisons with price averages at the end of several preceding months and a year ago follow.

Then follow the percentages of the several months. I continue to read:

On December 26, 1931, a little more than a year ago, the index was 61.8 per cent.

March 26, 1932, almost a year ago, the percentage was 58.2. May 28, 1932, it was 55.7.

As I read you see these percentages gradually dropping, showing higher-value dollars and lower-priced commodities—

June 25, 1932, the percentage was 56.7; September 10, 1932, 60.9; October 29, 1932, 57.1; November 26, 1932, 57.5; December 10, 1932, 56.9; December 17, 1932, 56.5; December 24, 1932—

Only about two weeks ago, and the latest figures—the low 55.5.

I read from another publication the headlines as follows:

More failures last week.

Another headline:

Fisher's index at new low.

I read now from an Associated Press dispatch dated New York, December 31. The headlines are as follows:

Commodity prices sink to new low. Drop in hogs sends scale to bottom; index touches 79.5.

The body of the article is very brief. I will read part of it:

Moody's price index of 15 staple commodities, as compiled on the basis of markets open to-day, registered a new low for 1932, reflecting primarily a drop in the price of hogs at Chicago.

Among important markets open to-day were hogs, wheat, corn, and silver. For commodities in which there was no market owing to the holiday week-end, yesterday's quotations were used.

As thus calculated, the index touched 79.5, in contrast to the year's previous low, 79.6.

In other words, on December 31, the last day of the old year, the commodity index was at its lowest point in this depression.

I read now, from another publication, the headline as follows:

Great cities held near tax limits.

What does that mean, Mr. President? What does "great cities" mean? Does it not mean the city of New York, the city of Chicago, the cities of Philadelphia and Boston and Detroit and Pittsburgh and St. Louis and Los Angeles and San Francisco? Those are the great cities.

Headline:

Great cities held near tax limits.

Another news article under a headline as follows:

Stagnation seen by Bradstreet's. Pessimistic report holds to view that there are few signs of early upturn.

That article was dated December 3, however.

I next call the attention of the reporter, who is good enough to listen to what I say, to an index sheet appearing in the New York Times of Sunday, January 8. This index sheet shows a chart or graph with a crooked line. The line is on the decline. This chart has beneath it the following figures:

Freight-car loadings, week ended December 31, 1932, 55.1 per cent. That is scarcely a week ago. A year ago it was 65.6.

Steel-mill activity, week ended December 31, 1932, 15.9 per cent. A year ago it was 26.8 per cent.

Electric-power production: For the week ended December 31, 1932, the chart shows the percentage to be 65.4. One year ago the percentage was 74.7.

Automobile production is the only item that shows any perceptible improvement. According to this chart, for the week ended December 31, 1932, the percentage was 59.4. A year ago it was only 42.4. So the automobile industry, judging from this chart, seems to be somewhat upon the upturn.

Carded cotton cloth production: For the week ended December 31, 1932, the percentage was 93.9. A year ago it was only 81.7, so carded cotton cloth production is somewhat on the increase.

But the combined index of these major items shows that the average for the week ending December 31, 1932, was 56.5, while a year ago the average was 63.7, showing, according to this chart, that conditions generally are worse to-day than they were 12 months ago.

I read from another newspaper. The headline is as follows:

1932 rail loadings lowest since 1918.

I might remind the Senate that in 1918 we had not the most money in circulation, but almost the most money in circulation we ever had; and I will come to that later.

Mr. President, I now read from another Associated Press dispatch appearing in the Washington Post. The headlines are as follows:

R. F. C. State loans are third of quota. General total allotted near \$2,000,000,000 mark, report reveals.

Then the text shows that the Reconstruction Finance Corporation since its creation, less than a year ago, has loaned almost \$2,000,000,000. In the body of this text I find the distressing information that 38 States of this Nation have been reduced to that status where they have been forced to come to Washington and ask for their share of this Federal dole. Thirty-eight States are now borrowing from the Government. Yet in the United States Senate, with these conditions confronting the people of the Nation, there are perhaps only 15 Senators upon the floor. Of course, the balance may be ill; it is now 1.50 o'clock, and they may be at lunch. If they are ill, they are too ill to be here; if they are at lunch, they are too hungry to be here. But, Mr. President, what I am discussing is the most important subject before the Congress, the condition in which the people of the Nation find themselves this day, as I will try to disclose before I conclude.

Mr. President, I call attention next to a news story under the following headline:

Thousands of boy tramps seen as menace to Nation.

This is a signed article. I will not take time to read it, and I will not ask that it be placed in the RECORD. The headlines are sufficient.

I next call the attention of the Senate to another newspaper story under headlines as follows:

Homeless wanderers create a new problem for America.

It is a problem for America, Mr. President. It has not yet reached that stage where it is a problem for the United States Senate.

Who is the author of this article? It is a signed article appearing in perhaps the greatest journal published in the world of recent date. The second headline reads:

The nomads of the depression, drawn from every social group, include 25,000 families and more than 200,000 youths.

This article is by a man by the name of Newton D. Baker. Does that mean anything to the Senate of the United States?

At the bottom of the article is a picture which shows some seven boys, apparently under 18 years of age. They have on something that is called clothing. Three have on caps; two are bareheaded. The picture shows these boys sitting on the ground. They are getting perhaps their single meal for the day. In the center, on some pieces of brick, is a battered can, apparently a 1-gallon tin fruit can. Under this can they have a fire. No doubt in that can these seven boys have the food in preparation that is to sustain them during that day. Under the picture I find these words:

Young vagabonds cooking a meal in a roadside encampment.

Mr. President, I have but one purpose in using the time of the Senate in this discussion. I have no hope of securing any action at the hands of the Senate, none whatever.

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from Oklahoma yield to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. I want to say to the Senator that while I have not heard all of his address, because I have been attending an important meeting of the Committee on Commerce, I have been deeply moved by what I have heard. I am distressed beyond words at the poverty and suffering in this country. Honestly, I dislike to go to New York. The Senator has been there and he knows of the long bread lines to be found in that city.

Mr. THOMAS of Oklahoma. I have been through them, Mr. President.

Mr. COPELAND. The Senator was put into the line and received the coffee and the bread handed out, and he found exactly what happens. Let me ask the Senator, What is his definite proposal?

Mr. THOMAS of Oklahoma. Mr. President, until I make the record I do not care to answer that question. I have it here, and I will come to it in due time. I do not care to treat it partially. When I come to it I want to go into it in detail.

Mr. COPELAND. The Senator will take his own course, certainly.

Mr. THOMAS of Oklahoma. I realize that I am doing nothing more than making a record, but I am unwilling for the Congress to adjourn without doing something in this matter, especially since the party to which I owe allegiance has a mandate, which some construe to begin on March 4, 1933. I do not so construe it. While our leaders are in the lobbies and the anterooms smoking their choice cigars, telling funny stories, these conditions continue, and I propose, for one, to make some statements upon this floor in an effort to let the country know that the Senate is not wholly ignorant of the conditions which prevail throughout the country.

Mr. COPELAND. Mr. President, will the Senator yield again?

Mr. THOMAS of Oklahoma. I yield to the Senator from New York.

Mr. COPELAND. I say that it is not fair to the Senate or to the country merely to make a diagnosis. The question is, What specific treatment can we give to relieve the situation? It was all in good spirit that I asked a moment ago what the Senator's proposal was. I do not see how there can be any two opinions here as to the conditions which exist. Certainly I am in the fullest accord with the Senator regarding that. But I want to know the specific remedy that will cure the condition.

Mr. THOMAS of Oklahoma. Mr. President, before I shall have concluded, I hope I may be able to show what has

brought about the present condition. I will try to show that, what has brought it about, by reversing the process, can bring relief. I opened my remarks with the statement that we would either have reflation or repudiation and revolution.

Mr. TRAMMELL. Mr. President, will the Senator yield to me to suggest the absence of a quorum?

Mr. THOMAS of Oklahoma. I yield.

Mr. TRAMMELL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Johnson	Robinson, Ind.
Austin	Dale	Kendrick	Russell
Bailey	Davis	Keyes	Schall
Bankhead	Dickinson	King	Schuyler
Barbour	Dill	La Follette	Sheppard
Barkley	Fess	Lewis	Shortridge
Bingham	Fletcher	Logan	Smith
Black	Frazier	Long	Smoot
Blaine	George	McGill	Stelwer
Borah	Glass	McKellar	Swanson
Bratton	Glenn	McNary	Thomas, Idaho
Broussard	Goldsborough	Metcalf	Thomas, Okla.
Bulkeley	Gore	Moses	Townsend
Bulow	Grammer	Neely	Trammell
Byrnes	Hale	Norbeck	Tydings
Capper	Harrison	Norris	Vandenberg
Caraway	Hastings	Nye	Wagner
Carey	Hatfield	Oddie	Walcott
Connally	Hawes	Patterson	Walsh, Mass.
Coolidge	Hayden	Pittman	Walsh, Mont.
Copeland	Hebert	Reed	Watson
Costigan	Howell	Reynolds	Wheeler
Couzens	Hull	Robinson, Ark.	White

The PRESIDING OFFICER. Ninety-two Senators having answered to their names, a quorum is present. The Senator from Oklahoma.

Mr. FRAZIER. Mr. President, will the Senator yield that I may present a matter to be printed in the RECORD?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from North Dakota?

Mr. THOMAS of Oklahoma. I shall be very glad to yield on condition that I do not lose the floor.

The PRESIDING OFFICER. The present occupant of the chair will protect the Senator from Oklahoma in his right to the floor.

Mr. THOMAS of Oklahoma. Then I yield to the Senator from North Dakota.

Mr. GLASS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Virginia?

Mr. GLASS. I do not ask the Senator to yield. I rise to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GLASS. Reserving the right to object to the request of the Senator from North Dakota, does granting the request involve the transaction of business?

The PRESIDING OFFICER. The present occupant of the chair would hold that the introduction of a matter into the RECORD would not be the transaction of business.

Mr. GLASS. Of that I wanted to be certain.

The PRESIDING OFFICER. May the Chair inquire of the Senator from Virginia whether he objects to the Senator from Oklahoma yielding to anything but a question?

Mr. GLASS. I did not object to his yielding to the Senator from North Dakota. I do not want to be unreasonable. I simply do not want any business transacted to interfere with the address of the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. I appreciate the suggestion made by the Senator from Virginia. He is most thoughtful.

(At this point Mr. FRAZIER had printed in the RECORD a memorial, which was referred, and which appears elsewhere under a proper heading.)

Mr. BINGHAM. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Connecticut?

Mr. THOMAS of Oklahoma. I yield for a question.

(At this point Mr. BINGHAM asked and obtained leave to have printed in the RECORD an editorial.)

Mr. JOHNSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from California?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. JOHNSON. Will the Senator from Virginia give his attention? I wish to present a report from a committee, but I will withhold it if the Senator from Virginia is of the opinion that it would constitute the transaction of business and would prefer me not to do so.

Mr. GLASS. Mr. President, I will say to the Senator that it is not a question of my opinion. I would like to know what is the opinion of the Chair.

The PRESIDING OFFICER. In the opinion of the present occupant of the chair, a report from a committee received out of order would be the transaction of business.

Mr. JOHNSON. Very well; I withhold the report.

Mr. LOGAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Kentucky?

Mr. THOMAS of Oklahoma. I yield.

(At this point Mr. LOGAN obtained leave to have an article printed in the RECORD.)

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. LONG. I desire to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. By a majority vote could not the courtesy of the Senate be extended so as to allow some of these gentlemen, if they wish, to enter something in the RECORD, and the Senator is willing to do it, or would it require a suspension of the rules?

The PRESIDING OFFICER. The present occupant of the chair holds that the introduction of material in the CONGRESSIONAL RECORD is not the transaction of business. He has so stated in response to a parliamentary inquiry submitted by the Senator from Virginia.

Mr. NEELY rose.

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from West Virginia?

Mr. THOMAS of Oklahoma. I yield.

(At this point Mr. NEELY obtained permission to print in the RECORD telegraphic protests against the pending bill, which appear elsewhere in to-day's proceedings.)

Mr. THOMAS of Oklahoma. Mr. President, I have assumed the task of trying to show that conditions are worse now than they were a year ago, are worse now than at any time during the past year. I invite the attention of the Senate to a statement appearing in the Wall Street Journal, certainly not a radical publication, of date Thursday morning, January 12, on the front page under large headlines. I am inviting attention to some of the text. The headlines are as follows:

Demand grows for big United States aid. Great pressure on Congress for relief cash unlikely ever to be repaid.

Mr. President, it is no trouble to get attention for bills to loan money to big business concerns that will never pay it back, but when the unemployed, the hungry, the homeless, and the naked come here for attention, the Senate of the United States is dumb and deaf and blind. At this point I will ask to have inserted in the RECORD in connection with my remarks, without having the same read, the text in black type indicated just underneath the headlines to which I have referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter is as follows:

LOANS WHICH ARE BEING PRESSED

Agitation for greatly expanded Federal loans for relief and other purposes, which is gathering increased momentum in Congress, gains a peculiar flavor from the participation of the larger States in pressure on the legislators.

In New York, for example, which pays 25 per cent of Federal taxes, citizens will probably be taxed \$2 for each dollar the State gets from the Federal Government.

Bills for extensive loans would largely involve advances which probably would never be repaid to the Federal Treasury. Among the measures introduced, one would make all assets of the Reconstruction Finance Corporation available for relief loans, another would authorize the Reconstruction Finance Corporation to lend up to \$1,000,000,000 for interest payments on mortgages, and a third would make \$103,000,000 available to farmers for seed loans.

Mr. THOMAS of Oklahoma. Mr. President, some of the writers in New York are beginning to understand that the United States embraces territory a little bit west of the boundary lines of that city. Many of the citizens of that great city think that New York City is all there is to these United States. When they get to the western boundary of that city they are in foreign territory. I invite the attention of the Senate to an article appearing in an investment paper of New York of recent date, which is one of the first signs I have seen that the financial world, having its headquarters in New York, even knows that there are people who do not reside in New York City. I read from this article. It is under a subhead line:

CHARITY—THE GREAT PROVIDER

For three years we have had deflation, dismal and virtually uninterrupted.

There is an admission from New York of the truthfulness of what I have assumed to try to show.

Farmers are not getting enough for their products to cover the cost of production.

There is an admission that the pleas of the farmers made here to deaf ears have been heard and admitted even in New York City.

Railroads are starving on a depleted volume of traffic. Production, what there is of it, is at a fraction of plant capacity. Distribution costs are still too high. Consumption consists of necessities, in the main. Debt, like a festering boil, drains the strength of the industrial economy that is in these United States.

And above all there is unemployment. Twelve million are out of work; another 8,000,000 are working only part time. Out of a working population of forty-five million and odd, some 20,000,000 are without sufficient means for minimum subsistence. Charity is their main source of food, shelter, and clothing.

Out of a total population of 120,000,000 persons, approximately 30,000,000 are in some form of want—not for luxuries but for necessities.

Obviously, there is a limit to patience. Things can not go on indefinitely in such a strain.

Mr. President, even in financial sections of New York City there is alarm and apprehension felt as to what might happen. But there is no alarm here apparently.

Now, I want to invite the attention of the Senate to records that are official. I have been using newspaper articles and Associated Press articles which are reliable. I want to place in the RECORD figures that are official. These figures come from the Department of Labor. The Department of Labor has the most stable index plan, I think, that has yet been devised. It is an index plan for measuring value, which is so thorough, so comprehensive, and so satisfactory that everything to-day is measured by this table and by this index. Even gold itself is measured by the Department of Labor's index based upon a great number of commodity values.

In January, 1932, one year ago, this index figure was placed at 67.3.

As I shall read, Senators will see that the index constantly drops. As it drops it shows lower commodity values, greater unemployment, lower commodity prices, lower prices of all kinds, less money in circulation. They go hand in hand, and yet great financial minds, minds that have prepared the financial legislation of the greatest Nation on the earth for 15 or 18 years, do not seem to understand it.

In February, 1932, the index figure was 66.3, a decrease of exactly one point in those 30 days. In March, 1932, it was 66, a loss of three-tenths; in April, 1932, it was 66.5, a loss of five-tenths of a point; in May, 1932, it dropped to 64.4; in June, 1932, it dropped to 63.9; in July, 1932, it rose a little; it went back up to 64.5. In August, 1932, it had another small rise, the index figure being 65.2.

I shall show later that in those two months, when the campaign was on, there was a slight increase in the circulation of the country, and, as more money was placed in circulation,

commodity prices rose, and as they rose this identical index rose; yet the philosophy of that statement either is not understood or is not admitted. In September, 1932, the index figure was 65.3; in October, 1932, the index figure fell to 64.4; in November, 1932, the statistical reports show the lowest figure—63.9.

With those figures so low, Mr. President, the lowest of the year and the lowest in history, when 40,000,000 voters went to the polls they expressed themselves; they understood that chart, even if the financial powers of this Republic, understanding it, refused to apply it.

Mr. President, if anyone dares to challenge my statement that the times are worse to-day than at any time in our lifetime, I shall be glad to yield; I shall be glad to accept the challenge.

The next thing I want to show is what is the result upon the country of this low standard, this low commodity index. As stated a few days ago by the distinguished senior Senator from Idaho [Mr. BORAH], because of the lack of money the people can not trade in money; they can not any more buy with money; they have no money. The people have things to sell that they can not any more sell for money. No one has money with which to purchase the things they have for sale; and, because the people have no money, the country has been forced to resort to a system of barter and trade, such as we had when America was discovered and foreigners came to the Atlantic coast and bargained and traded with the original inhabitants of this Nation with coon skins, shells, and shiny rocks.

I am going to read further from newspapers; but the newspapers can not legislate. The newspapers understand what is going on. They know that there is no money in the country. Their advertising has fallen off 75 per cent. If I dared to ask the distinguished junior Senator from Virginia [Mr. GLASS] about the income from his publications, I think he would be forced to admit that, for the want of advertising, for the want of subscriptions, for the want of money, his newspapers have lost largely their former revenue.

Here [exhibiting] is a newspaper article which appeared in a newspaper in my State last year that criticized me for being in favor of the bonus bill. It read me out of the party, although the editor of the newspaper was a member of my party. What that newspaper said about me, I presume, has been said about others who are trying to serve the public.

Mr. President, I was for the bonus bill. I was for that bill because I think the Nation owes that money to the soldiers. It has paid others who had dealings with the Government voluntarily; and Congress admitted that it owed money to these soldier boys who were taken by force and sent to foreign lands, but the Congress made a contract with them without their consent, and said, "We will pay that debt in 1945." Because of conditions last winter, I was in favor of paying the debt then. I was for the bonus because the boys needed the money; I was for the bonus bill because the boys wanted the money; but, Mr. President, while being for the bill because of those three reasons, I was for the bill for a reason to me many times more important than the needs or the wishes of the soldiers themselves. I had a conviction that by paying the bonus then we would help the nonsoldiers of this Nation many times more than we would help the soldiers themselves.

While nobody knows, Mr. President, I have an abiding conviction that had that bonus bill passed last spring, placing \$2,400,000,000 of money in circulation among 4,000,000 soldiers, they would have spent the money, made times good throughout the United States, increased the circulation, made money more plentiful, made dollars cheaper; and to the extent that dollars came down commodity prices would have gone up. The passage of that bill would have raised the price of wheat; it would have raised the price of cotton; it would have raised the price of corn; it would have raised the price of hogs; and I will tell now what I did not dare to tell last spring; some over on my side of the aisle were against that bill because they were afraid to make prices better and perhaps deny themselves the

chance of victory in the November election. While I do not know, Mr. President, I have a further abiding conviction that had that bill passed Mr. Hoover would have been triumphantly reelected.

Mr. LONG. Mr. President, will the Senator yield to me for a question?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I will yield for a question.

Mr. LONG. I wonder if the Senator knew that President-elect Roosevelt, as late as December of last year, in a statement made by him, exploded the Canadian argument that the Senator from Virginia has been advancing and trying to impress the Senate with? Mr. Roosevelt spoke in these words:

Territorially England is only about as large as New York State, and Canada has only nine or ten million population, a young nation. We are large and mature. Local conditions must always be taken into account.

I wondered if the Senator was familiar with the fact that the argument of the Senator from Virginia had been exploded by the President elect, who, when he sits in the presidential chair, will have to consider this kind of a bill after March 4, if it should reach him, and if, in the Senator's opinion, that affects the status of this bill?

Mr. THOMAS of Oklahoma. I am not willing to admit that the distinguished Senator from Virginia made any argument to be exploded.

Mr. President, I will make this further admission, that after the 4th of March there will be many vacant seats on the eastern side of this Chamber, and I have an abiding conviction that many of those seats will have been made vacant by the defeat of the bonus bill last year. If that bill had passed, and money had been placed in circulation, money would have been plentiful, money would have been made cheaper; commodity prices, including the prices of wheat, corn, cattle, hogs, and all other commodities, would have gone up; unemployment would have been relieved; times would not have been such as I saw in the far Western States in September and October last.

Why, Mr. President, I saw in Idaho—and, by the way, that is one of the ill-fated States—I saw in Pocatello and Idaho Falls in September the finest Idaho potatoes I have ever seen on the market, and the producer could not get 25 cents a hundred pounds for those fine potatoes. The best offer they could get for the seconds was 10 cents per hundred pounds. No wonder Idaho retired from the Senate a most capable man, not because of the record made by the junior Senator from Idaho, but they voted against conditions. In the recent campaign it was immaterial what kind of a record a man had; if he was on the ticket of the party that I think was responsible for these conditions, he suffered embarrassment; if he was on the other ticket, he could not help but win.

So much, Mr. President, for that digression. I was about to say that we have now come to a place where if we want money with which to carry on trade we are forced to barter and swap and trade. The people have not any money. I could exhibit to the Senate samples of the moneys of other peoples of the world. Other peoples have money. It is not so in these United States.

Mr. President, even Russia has money. I exhibit to the Senate a Russian ruble. Rubles are plentiful over there. If anyone cares to see it here is a subsidiary coin current in circulation in Russia. There is plenty of money in Russia. I exhibit to the Senate a Finnish bill, 50 marks. There is plenty of money in Finland. Here is some Canadian money. Here is a Canadian dollar; it looks very much like an American dollar. We see Canadian money in these United States, but to-day there are millions of people, Mr. President, who can not even get to see an American dollar.

Mr. GLASS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Virginia?

Mr. THOMAS of Oklahoma. I yield.

Mr. GLASS. Will the Senator tell us how many of those Russian rubles this \$10 Federal bank bill [exhibiting] will buy?

Mr. THOMAS of Oklahoma. I was there recently and a Russian ruble was worth 51 cents. The Senator's \$10 bill would buy something like 20 rubles, not quite that many; and Mr. President, when I was at different places in Russia I saw more American money than the average person to-day can see in these United States of America. At every place where I went to get exchange they would open their safes and take out great rolls of United States bank notes of the largest denominations.

Here is England. England has money. I do not happen to have a paper pound.

Here is France. I exhibit to the Senate a French franc, 10 of them. Those are common in France. To-day, the people of France are the most prosperous in the world. Next to the United States, they have more money, more gold, than any other country on the face of the earth.

Why, even the little country of Switzerland, in the mountains of Europe, has plenty of money. There is one of their pieces of money. I do not happen to have a paper piece, but here is a 5-franc piece—five Swiss francs. They are plentiful in Switzerland.

In the United States we have 12,000,000 unemployed workers. If each unemployed man is married and has the average-sized family, consisting of the unemployed person, his wife, and three children, multiply 12,000,000 unemployed by 5 and you have the astounding figure of 60,000,000 American citizens, men, women, and children, to-day with no means of support, no jobs, no money. They can not even get to see money; and because there is no money they are forced to a policy of swapping, trading, and barter.

The article to which I alluded a moment ago has for its headlines the following:

Swapping wave sweeping Nation. Commodities used as money as bartering is revived.

This is a copyrighted story by the United Press. I read:

A great wave of bartering is sweeping the country. A shortage of money and accumulations of surpluses in commodities have combined to bring about a revival of elemental commerce, the swap of one article for another without the use of money.

Mr. President, the policy of the Federal Reserve Board, the agent of this Congress, last week took \$80,000,000 of the people's money from circulation and destroyed that money. When I say "destroyed that money," here is what I mean:

When this money comes back to the Federal Reserve Board, the Treasury, for redemption, the bills that are slightly used are sent to the laundry; and if they come back from the laundry in presentable shape they can be placed in circulation again. Those that are not in very good condition, however, are not sent to the laundry. They are placed in large-sized blocks of bills, cut in two parts, then they are placed in a big kettle of water, and the water is boiled, and the bills are stirred. When these bills have been completely destroyed, have become a mass of pulp, in former years they sold this pulp to manufacturing concerns, and the pulp was used to make souvenirs to be sold in the stores of Washington.

Mr. LONG. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. I failed to note another striking statement from President-elect Roosevelt which I should like to read and ask the Senator if he has seen it, so that the Senator may comment on it.

President-elect Roosevelt as late as a month ago, in condemning this branch-bank business, included in his statement this:

Legislation which will operate in a remote rural section with very low assets, with poor values—

Mr. GLASS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Virginia?

Mr. GLASS. I rise to a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. GLASS. That the Senator from Oklahoma can yield only for a question.

Mr. LONG. I am asking him a question.

Mr. THOMAS of Oklahoma. I yield for a question, Mr. President.

Mr. LONG. I only wish to ask a question, which is not very long—not nearly so long as interruptions by the Senator from Virginia. [Laughter in the galleries.] Before the Senator from Oklahoma takes his seat, this being a matter concerning us Democrats considerably, I merely want to find out if he agrees with the leader of the party. I know that the Senator from Virginia does not, but I want to see if the Senator from Oklahoma does.

Mr. GLASS. The Senator may ask that question without inserting in his remarks a speech; and I make the point of order that the Senator from Oklahoma, under the rules, may not yield except for a question.

The PRESIDING OFFICER. The Senator from Virginia states the rule correctly. The Chair, however, feels that the Senator from Oklahoma may yield for a question; and the Senator from Louisiana states that he is propounding a question to the Senator from Oklahoma.

Mr. GLASS. Is it the ruling of the Chair that under the guise of a question a Senator may read a speech to another Senator and ask him if he agrees with it?

The PRESIDING OFFICER. The present occupant of the chair finds it difficult to draw any exact line so far as a question is concerned. However, he does not think that the rule should be violated under the subterfuge that a question is being asked; and the Chair will endeavor to the best of his ability to administer the rules with fairness.

Mr. LONG. I will ask this question, Mr. President; it will take only a moment: Did the Senator from Oklahoma notice the remarks of the President elect of the United States reported last month, wherein he said:

Legislation which will operate in a remote rural section with very low assets, with poor values, with no large community, will hardly apply to counties like Westchester, Nassau, Monroe, and Erie. And it is a very great question, naturally, whether the same legislation that is good for an industrial State like New York is necessarily good for agricultural States like Missouri and Kansas.

I ask the Senator if he has noticed that language, and if the President elect did not think branch banking would do for the thickly populated State of New York, how much more strongly that would apply to the States of Oklahoma and Louisiana and Kansas and Missouri and places of the wide-open spaces?

Mr. THOMAS of Oklahoma. Mr. President, answering the question submitted by the junior Senator from Louisiana, I have received probably 150 telegrams from bankers in my State; and, judging from the text of those telegrams, every banker in Oklahoma supports the President elect in his contention regarding branch banking.

I continue to read from the article:

A nation-wide survey by the United Press discloses that bartering is a part of community life in many parts of the United States. In some localities it is unorganized and haphazard, but in others it enlists thousands in a well-organized movement.

In Utah a farmer trades a bushel of potatoes for a haircut. In Louisiana, farmer boys pay their tuition in a State university with farm produce. In Kansas City a workman trades his labor for food and clothing. In the Middle West bartering and "payment in kind" is more extensive than in the East. Farmers are paying for machinery with wheat, and storekeepers are accepting farm produce for merchandise.

The largest of the movements is that of the Natural Development Association, embracing 8,000 farmers and workmen of Utah and southern Idaho. The association has two floors of office space in Salt Lake City. In the association are doctors, cleaners, merchants, dentists, mechanics, geologists, plumbers, craftsmen, and tradesmen of all kinds. They exchange their services and products among one another, using scrip issued by the association as a medium of exchange. The association boasts it has made its members economically self-sufficient and independent.

Mr. President, out there in that far Western State farmers had everything to sell. There were plenty of people there to buy. They had no money. Farmers could not sell, because no one had money to buy. The folks who wanted to buy could not buy because they had no money with which

to purchase, yet in this organization they issued their own money, placed it in circulation, and very soon they became economically self-sufficient and independent. Yet in the past seven days the Federal Reserve Board, which controls the supply of money of this Nation, has taken \$80,000,000 from circulation and destroyed the money!

I read further:

In Montana bartering was reported as common. In Chippewa, an example, a farmer traded 2 dozen eggs, 5 pounds of butter, and 10 bushels of wheat for 5 gallons of gasoline.

Is this the kind of banking law the distinguished junior Senator from Virginia is trying to get the Congress to pass—a law that forces the people of the Nation to trade their butterfat and their apples and their pigs and their chickens for gasoline?

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. LONG. Is the Senator familiar with the fact that out in the State of Washington they have issued a wooden money, and actually they are dealing with it out there?

Mr. THOMAS of Oklahoma. Yes, Mr. President. The distinguished senior Senator from Washington exhibited on the floor last year a sample of this wooden money. The banks failed in a certain city. No money was in circulation. The merchants had to trade; so they got together in the chamber of commerce, and went out and got some of their famous timber in that country, had it processed into nice square pieces of thin texture, and had these little, thin pieces of timber, like cardboard, stamped. On one piece they would stamp "5 cents," on another sized piece of timber they would stamp "10 cents," and on another "25 cents," and I think 50 cents was the limit.

The chamber of commerce of that city, because they had to have some money—they could not get it from the Government; the law would not permit it; for some reason, they could not have it—placed their own money in circulation; and so successful was the chamber of commerce in that little city that notwithstanding the banks had failed, they continued to transact their business. After a while, when they could reorganize the banks, they did so; and when they were ready to receive this currency they found that much of it had been selected for souvenirs, and a great percentage of these wooden pieces of money never were presented for redemption.

Mr. LONG. Mr. President, if the Senator will yield for another question—

The PRESIDING OFFICER. Does the Senator from Oklahoma further yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. LONG. Does not the Senator think that of the approximately five and a half billions of currency that we have to-day there is quite a lot that is not in circulation, either, and, even beyond the hoarded money, that many of the coins and bills are retained out of circulation, so that it is doubtful that we have actually even the amount that we estimate for carrying on the business of the country to-day?

Mr. THOMAS of Oklahoma. Mr. President, a moment ago I stated the amount of money in circulation, as disclosed by the report given out at 4 o'clock on yesterday. It showed \$5,500,000,000 in circulation, if I remember correctly.

That is all the money there is in circulation in the United States. While the banks have \$45,000,000,000 on deposit, only five and a half billion is in circulation outside of the Treasury. Where is that five and a half billion dollars? I will answer that question by reading from a radio address delivered over the chain of the National Broadcasting Co. on January 7, 1933, a few days ago, by one of the authors of the Federal reserve system, the Hon. Robert L. Owen, of my State, former Senator from Oklahoma.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. GLASS. I am just tempted to ask the Senator whether he is laboring under the hallucination that the pending bank bill caused all of this scarcity of currency, and

the issuance of wooden currency, when, as a matter of fact, it has been held up here in the Senate so that we have not been able to vote on a single provision of it?

Mr. THOMAS of Oklahoma. Mr. President, I contend that if this bill should pass, it would not make matters better but would make them infinitely worse. I would like to have some one tell me how the abolishing of one board, and by the same section creating a new board, leaving off the Secretary of the Treasury, is going to help the country in this period of depression?

In another section the bill would create an open-market committee. How would the creation of that committee bring relief to 120,000,000 depressed people of the United States?

Another section provides for the formation of a liquidating corporation to take over failed banks, and it is proposed to give that corporation \$125,000,000 of the people's money, with no interest to be returned, and the principal never to come back. How is the creation of that liquidating corporation to help 120,000,000 depressed people in the United States? If the distinguished Senator from Virginia, the author of the pending bill, can now tell the Senate how his bill would bring relief to even a small portion of those in distress, I will gladly yield.

Mr. GLASS. Mr. President, I will be glad to tell the Senator. There are now more than two billion and a half dollars tied up in bank receiverships, affecting millions upon millions of depositors in those banks. The liquidating corporation, not designed to help banks but to permit the victims of banks to get their money back, will enable them to do so.

Mr. THOMAS of Oklahoma. Mr. President, I am delighted to have that answer, but that does not even scratch what should be an answer. It is true there are something less than 11,000 banks now in process of liquidation. Many of those 11,000 have liquidated voluntarily. Many of those banks have consolidated and merged. Many of those banks have failed and have been closed; the liquidation is complete. But there are hundreds of those banks now in process of liquidation.

Mr. LONG. Mr. President, will the Senator permit me to ask one other question there?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. LONG. This bill provides for the setting up of a liquidating corporation, with which I suppose the Senator is familiar, to provide for the liquidation of closed banks, but only banks which are members of the Federal reserve system. At the present time the Reconstruction Finance Corporation, under the law, is permitted to assist and advance cash on the holdings of banks in liquidation, whether they are State banks, national banks, or Federal Reserve banks. Is it fair now to come and, with this proposed bank consolidation law, coerce all the other banks to come into this system by giving them only the assistance which the Reconstruction Finance Corporation is now giving and using the money of the people to pay for this system, as against the universal practice which we are now following?

Mr. THOMAS of Oklahoma. Mr. President, I am glad to have the statement from the Senator from Louisiana, and I am likewise glad to have the statement of the Senator from Virginia. If he will keep asking me questions, we will make a record here this afternoon, and to-night, and to-morrow, and the next few days, so that the people of the United States can learn something about the banking business.

I will now proceed to tell the Senator from Virginia why these failed banks can not be liquidated. The receivers of these failed banks, having the notes of the former customers of those banks, can not collect upon those notes, and until the Senate of the United States and the Congress of the United States and the Government of the United States see to it that more money is placed in circulation, so as to place some value on these securities, they will never collect on those notes.

If I am mistaken, I will wait for the Senator from Virginia to answer me. While he is leaving the Chamber, let

me make a further statement. In the past 12 months the Reconstruction Finance Corporation has loaned 5,000 banks a billion dollars, and of those 5,000 banks 10 per cent receiving loans have since paid. I yield for an explanation of that statement.

Mr. GLASS. Mr. President, the Senator does not imagine I am a member of the Reconstruction Finance Corporation, does he? He will have to make his inquiry there.

Mr. THOMAS of Oklahoma. I know why it was; the Senator should know.

Mr. GLASS. I have no doubt the Senator knows as much as does the Reconstruction Finance Corporation. He knows so much more about the banking business than I—

Mr. THOMAS of Oklahoma. On that point there is no disagreement between the Senator and myself.

Mr. GLASS. That I can not conceive that he is lacking in knowledge as to the Reconstruction Finance Corporation.

Mr. THOMAS of Oklahoma. I was proceeding a while ago to answer a question submitted by the junior Senator from Louisiana as to where the money that is in circulation is actually to be found at this time. Only five and a half billion dollars is in circulation outside of the Treasury. To show where that money is, I quote from the joint author of the present Federal reserve system, former United States Senator from Oklahoma, who served in this body for almost 20 years. This is what he said:

Of \$5,500,000,000 in circulation, so called, about \$500,000,000 is abroad or lost, \$1,600,000,000 is in hoarding, about \$850,000,000 is in the banks to cash checks, about \$1,150,000,000 is estimated to be in 1,350 shops and stores, leaving about \$1,400,000,000 in the pockets of the people, or about \$12 per capita, to meet their monthly living expenses; and it is circulating very slowly because the people feel poor. Their incomes have been reduced, their wages cut down or ceased, and they are economizing very rigidly. The less they consume, the less production, and the less employment.

Mr. LOGAN. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. LOGAN. I observe from the statement which the Senator has just read that the amount of cash in banks is placed at about \$850,000,000.

Mr. THOMAS of Oklahoma. I was going to say that that statement was slightly in error. I read from the most recent report of the Comptroller, dated in December, 1932, page 75, which states the total amount in circulation on the date of the report to be \$791,627,000. There is under \$800,000,000 in the banks of the United States. National banks, State banks, private banks, altogether 20,000 of them, do not to-day have \$800,000,000 actual money—gold, silver, and paper—in their vaults.

Mr. LOGAN. Then \$800,000,000 represents all the cash in banks for lending to customers and for cashing checks?

Mr. THOMAS of Oklahoma. According to this report, \$791,000,000. If this is a fair estimate—and it must only be an estimate—that there is in circulation, where the people have a chance to get hold of it, only \$1,400,000,000, it is not to be wondered that money is so scarce.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. What was the amount the Senator said was in stores and mercantile establishments?

Mr. THOMAS of Oklahoma. A billion one hundred and fifty million.

Mr. BARKLEY. The Senator does not mean to leave the implication that that is locked up in the safes in these stores, does he? Is not that money itself on deposit in banks?

Mr. THOMAS of Oklahoma. Of course, I can not answer that question. I am reading from a statement of Senator Owen.

Mr. BARKLEY. It is inconceivable to me that the proprietors of mercantile establishments would have more than a billion and a quarter of money locked up in their safes or carry it around in their socks as they go home from their work at night. That money must be in the banks, so must

be available for whatever credit the banks are affording to the public.

Mr. THOMAS of Oklahoma. Of course, we are discussing now estimates, and what might be. The Senator knows, as a business man, that every merchant has a bunch of cash registers. In those cash registers he has a certain amount of change. Every responsible merchant has a safe. In his safe he keeps some extra change to take care of his current necessities.

Mr. BARKLEY. I understand, but I can not conceive that a billion and a quarter of a million dollars is sequestered in safes, and lock boxes, and counter drawers, and anywhere else, in the stores of the country. If there is that much money in the possession of these mercantile institutions, it must be on deposit in banks; and if it is on deposit in banks, of course, it is there for the same reason the other money is there.

Mr. THOMAS of Oklahoma. It could not be in the banks, because that is more than the banks have.

Mr. BARKLEY. I think there must be some mistake somewhere in these figures. The Senator says he is discussing what might be. I thought he was discussing what is.

Mr. THOMAS of Oklahoma. When I say something is, it is.

Mr. BARKLEY. I do not doubt that; but is it? [Laughter.] It is like an old dandy's remark. He said, "I am what I am, but I ain't no ammer."

I want to be sure whether this billion and a quarter dollars to which the Senator refers as being in stores and mercantile establishments is physically in their possession, or whether it is money they own, on deposit in banks.

Mr. THOMAS of Oklahoma. Mr. President, if that is material, I suggest that the Senator prepare a resolution and introduce it, and we will have an investigation and find that out.

Mr. BARKLEY. I do not know whether any other Senator is ever going to get the floor long enough to offer anything in this session or not, but if the time ever comes when such an opportunity might be afforded, I will consider the matter.

Mr. THOMAS of Oklahoma. The Senator is not going to get the floor until I get through with what I am trying to show. I am trying to show to the Senate that because of a scarcity of money people can not buy and sell and deal in cash, not even in credit money. They have to swap and trade. I just read a short time ago an article from Montana. In Montana bartering was reported as common. In Chipewewa, as an example, a farmer traded two dozen eggs, 5 pounds of butterfat, and 10 bushels of wheat for 5 gallons of gasoline. Banks accept wheat in payment on loans. Flour mills accept grain in payment for grinding the grain into flour. Newspapers accept wheat for subscriptions.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. LONG. Inasmuch as the Senator's argument shows a lack of currency, and inasmuch as I assume that the Senator is familiar with the agitation for bimetalism, gold and silver, and inasmuch as it is argued by those opposing silver that it is not under control, I was wondering whether the Senator would not agree to a compromise, since we should have a controlled metal, and agree, instead of gold and silver, to have gold and aluminum, so that we could have a controlled metal instead of one uncontrolled.

Mr. THOMAS of Oklahoma. Mr. President, I will not enter that phase of this discussion. I am only standing for principle, and that principle is that we should have more money in circulation.

Mr. BARKLEY. Mr. President, will the Senator yield for another suggestion?

Mr. THOMAS of Oklahoma. As to the kind of money, we will discuss that when we agree that the principle I state shall be adopted.

Mr. BARKLEY. I was wondering if, along with these other metals, it might not be appropriate to suggest that brass might play its part also in currency.

Mr. THOMAS of Oklahoma. If we should make brass legal tender, we could supply the world from the membership on the floor of the United States Senate.

Mr. BARKLEY. I agree.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. LONG. I am sure the Senator does not intend to include either the Senator from Kentucky or the Senator from Virginia in such a suggestion?

Mr. THOMAS of Oklahoma. I accept my share of it.

Mr. President, in this newspaper article I finally get down to my own State of Oklahoma:

Oklahoma has its "shirt-sleeve exchange" where the unemployed are sent out to work for people who pay in goods rather than money. An unemployed tree surgeon received 10 cents in cash, a hot dinner, a peck of potatoes, a shirt, 2 coats, 8 baby dresses, 6 children's hats, 3 pairs of shoes, and 1 pair of girl's galoshes for 5 hours' work.

And yet the controllers of the financial policy of America, instead of placing in circulation money with which the people of my State can transact business, last week took from circulation almost \$100,000,000 of actual money. They withdrew it from circulation, destroyed it, canceled it.

The distinguished senior Senator from California [Mr. JOHNSON] does me the honor to listen. I now come to California. I regret to have to name these various States, but it has been postponed for four years. We have made no progress, and while I have no responsibility directly for what is done in California, yet as a Senator of the United States I do believe that I have at least a slight responsibility resting upon my shoulders even for what happens in California.

Los Angeles has a cooperative exchange with more than 4,000 members. It operates on a system of debit and credits. A performs labor for B and is given credit with which he may obtain food or clothing provided by C in exchange for services that were rendered by B. This movement has spread to a half dozen small towns near Los Angeles.

The junior Senator from Nebraska [Mr. HOWELL] does me the honor to listen.

In Nebraska newspapers accept farm produce for subscriptions and in a number of communities doctors, dentists, and merchants take produce in lieu of cash.

In Abilene, Corpus Christi, and Henderson, Tex., there are monthly "swap" days, when the farmers come to town with what they have to swap and return with wagons loaded with the articles they need. A number of Texas schools accept produce as tuition.

Kansas City has an organization similar to the one in Los Angeles. The State of Washington and Minneapolis have organizations similar to the Shirtsleeve Exchange of Oklahoma City.

I have just been presented with a leaflet which purports to be a copy of an article published in the New Republic of date January 4, 1933. I find here an article under the heading "Back to Barter." I have not had a chance to read the article, but I am sure it substantiates the argument which I am seeking to make.

I next invite attention to a signed article published recently under the name of Franklin Clarkin. This article has for its headline:

In many lands barter has been revived. During a modern world upheaval a system used by the ancients serves again.

I read just two or three short paragraphs:

Range horses are traded for vegetables in the Northwest. Clergy in the Dakotas take wheat for performing a marriage. Filling stations in Kansas accept umbrellas, lamps, vacuum cleaners, tires, wrenches, or spare parts for gasoline; many cars are so stripped they barely run. Wanting flying lessons, a Rhode Islander supplied the aviation field with a milch cow, then taught the flier how to operate her.

Many colleges have been enabled to carry on by "payment in kind." In Iowa, leader of the States in literacy, the bursars' offices receive and are not inconvenienced by corn or calves for tuition. The campus at a co-ed institution in Louisiana thought of romance rather than economics when a girl student dashed up on horseback driving a run a herd of nine steers as requital for her fees.

Indeed, features of the barter movement, now spreading as if it were a new bonnet, read like creations of satire. Some 21 centuries after Rome started capitalism, 19 after Caesar set up the gold standard, 30 after barter was introduced from the Orient, the world tries the methods of its simplest days.

That is what is proposed to be continued in these United States. Mr. President, had I the gift of prophecy I would say that if the board and the power that now control the circulation of America refuse to give the people a medium of exchange, the people will provide their own medium of exchange. For the want of money they now barter. But the American people are too smart. While they are patient, they are too patriotic, they are too wise, they are too determined to be driven back 100 years to the age and days of barter.

I refer now to another news item from Concord, N. H., December 29, a recent publication. It is a United Press news item under the heading "Education is Spud Money." It reads:

A New Hampshire farmer with plenty of spuds but little cash is using the spuds to put his daughter through State normal school. The State purchasing agent approved the idea of accepting vegetables in lieu of money.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. LONG. I was wondering whether or not we might not all be wrong. It may be the bill has for its purpose a "back-to-nature" movement.

Mr. THOMAS of Oklahoma. Mr. President, if this downward trend continues, the bill, as I see it, sponsored by the Senator from Virginia can only bring about one result, a continuation of the downward trend. Those fine lands out in that wonderful State of California, formerly under irrigation, are not so to-day. Irrigation farmers must pay their irrigation fees in cash at the beginning of the growing season. Last year for the want of cash they could not pay for their water rights. Last August I saw thousands of acres of the finest lands in the world, formerly under irrigation, orange groves, lemon groves, with those one-time beautiful bungalows now empty, without paint, the windows out, the doors ajar, nobody at home, no water on the land, the land in waste, the groves dying. The farmers, for want of money, could not pay their water rent. This policy is driving not only the lands of California, Nevada, Idaho, but of the Southland back to where they were when Columbus discovered America.

Mr. LONG. Mr. President, will the Senator yield for another question?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. LONG. From what the Senator has read is it not a fact that about the only thing now left to do is to get back to the first days—in other words, just one more step backward and in Virginia they will be swapping a sack of tobacco for a pair of coon skins.

Mr. THOMAS of Oklahoma. The Senator speaks about Virginia. Since this bill came upon the floor of the Senate, in one county in Virginia 25 per cent of the farm lands were sold for taxes. If that trend continues, it will not be long until the State of Virginia will own all the lands of that great State, the State of California will own the lands of that great State, the States of this Nation will own the lands formerly owned by the prosperous and happy farmers of this land of ours.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Kentucky?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. I appreciate the situation which I know the Senator is not overdrawing in his picture, but specifically and definitely is the Senator proposing a remedy for that condition?

Mr. THOMAS of Oklahoma. If the Senator will be patient, I shall come to that as fast as I can.

Mr. BARKLEY. The Senator would not want to get to it right now?

Mr. THOMAS of Oklahoma. I could.

Mr. BARKLEY. If the Senator is coming to it in the orderly course of his remarks, I would not press the matter

now, but I think we all realize the seriousness of the situation.

Mr. THOMAS of Oklahoma. Mr. President, the distinguished senior Senator from Kentucky is a leader of the majority party soon to come into power in this Republic. I know he wants to do something worth while. I know he wants to bring back better times. If we do not, then when he and I have to run again six years hence we may encounter a rather cold reception in our States. It is not a question of whether or not the Democratic Party wants to make good. It is a question that it has to make good.

Mr. BARKLEY. I agree with the Senator. I am not so much concerned about what happens to him six years from now or what happens to me six years from now as I am concerned about what happens to the American people now. I think the Senator from Oklahoma will agree that there has been no more delicate or distressing situation in the history of the country than that which exists now. There has not been a time that was fraught with greater possibilities for evil than in the condition which exists now.

The Senate of the United States and the House of Representatives have been in session since the first of December. Without undertaking to place responsibility, I think we might all admit that practically nothing has been done in this session to relieve the conditions which have existed in the country. We have talked and talked, we have debated and we have filibustered—and I am not referring now to the Senator from Oklahoma, because I recognize his sincerity. But does not the Senator think we have about reached the time when, instead of talking altogether, we ought to perform a little for the American people, when we ought to vote either "yea" or "nay" on measures that are brought here, and, whether we vote in favor of them or against them, dispose of them and proceed with something else that may be constructive?

This session is frittering itself away. The 4th of March will be here and a new administration will be inaugurated. I do not believe we have performed our duty when we have fiddled around here, waiting for the new administration to take charge, when we have the power now to do something constructive for the benefit of the American people and to relieve the very condition to which the Senator has referred.

Mr. THOMAS of Oklahoma. I have set out to make this record. I shall not be diverted from my purpose. When the record is made, and I shall make it as quickly as I can, I shall be glad to vote, but the very purpose of my making this speech is to get the distinguished leader from Kentucky to make the speech he has just made.

Mr. BARKLEY. I hope the Senator will not assume that I am assuming that I am a leader. I am only a follower, a very humble follower, but even as a follower I feel some sense of responsibility and obligation to the American people. I want an opportunity to perform that obligation as rapidly and as constructively as possible. I believe that in his heart the Senator from Oklahoma shares that responsibility and that obligation and desires to help discharge it.

Mr. THOMAS of Oklahoma. Mr. President, I am trying to speak for the American people. Their voice has been heard only a few times upon this floor, in my judgment, and then but feebly.

Mr. LEWIS and Mr. LONG addressed the Chair.

The VICE PRESIDENT. Does the Senator from Oklahoma yield; and if so, to whom?

Mr. THOMAS of Oklahoma. I yield first to the distinguished junior Senator from Illinois.

Mr. LEWIS. I merely desire to introduce in parenthesis the suggestion that the Senator from Oklahoma or the Senator from Kentucky, both distinguished Members of this body, will not have to wait for six years. If something is not done that discloses to the public wisdom and patriotism, together with some execution in behalf of the measures for which they call, there will, in the next two years, at the coming congressional elections, rise forth in America an order of mankind in such spirit of resentment and vengeance that we will be very fortunate if our legislatures are not

then made up of a class of representatives whose purpose it is to topple over every form of fixed institutions and place in their stead some form of novel undertaking that may threaten all property and the security of all constitutions, and leave us before the world a nation hopeless of reform and of remedy and hopeless of the confidence of mankind. I fear that unless something is done in a chastened spirit, in the way of some form of construction, and with such immediateness as becomes the dignity of both bodies, it will not be six years that we will have to wait but we will reap the harvest at the coming election, in two years, if not before.

Mr. THOMAS of Oklahoma. Mr. President, it has taken four hours of hard work on my part to get two speeches of the kind I wanted to hear. The distinguished junior Senator from Illinois has made a part of my speech, and when I come to it in my notes I will omit that portion.

Mr. LONG and Mr. BARKLEY addressed the Chair.

The VICE PRESIDENT. Does the Senator from Oklahoma yield; and if so, to whom?

Mr. THOMAS of Oklahoma. I yield first to the Senator from Louisiana.

Mr. LONG. I now ask the Senator, in keeping with the suggestion of the Senator from Kentucky and the Senator from Illinois, if he would consent to displace the iniquitous time-killing device that is before us and have the Senate engage in some work for the relief of the people, instead of giving monopoly the bag? Would the Senator now consent to yield to the suggestion of the Senator from Kentucky, get this monopolistic banking legislation out of the way, and do something for the people? It may be that now we can get harmony here and get this thing out of the way.

Mr. THOMAS of Oklahoma. Until I can get a few more confessions, I am not willing to yield.

Answering the suggestion made by the distinguished junior Senator from Illinois, I want to read one paragraph from a letter which has just come to my hands:

The people voted for a change on the 8th of November, 1932. If they do not receive what is right and proper in remedial legislation they will vote for a change two years from that date; but they are not going to continue voting for a change after every two years and remain without purchasing power of the dire necessities of life. If the incoming administration follows the present administration of affairs, few Democrats will succeed themselves in office in 1934. The country first and politics last is what America needs now.

Mr. President, that is my speech. I read it from a letter coming to me from a distinguished lawyer of my State. He has said what I wanted to say and in better language than I could possibly have said it.

I have here a telegram, handed me within the last 15 seconds. It is from Kirkwood, Mo., and is addressed to "Senator HUEY LONG, Senate Office Building." I read it as follows:

Congratulations on fight against branch banking bill. They seem to be closing down on our local banks to-day, possibly for effect.

W. S. MATTHEWS.

If I can be the means of bringing this matter to an issue, my purpose will have been served.

Mr. President, I was trying to show that because of the lack of money the people are forced to swap and trade and barter. I next read from an Associated Press dispatch from my own State, as follows:

UNIVERSITY ACCEPTS PIGS AS TUITION FEE—OKLAHOMA BAPTIST INSTITUTION VOTES TO ACQUIRE LAND TO AID STUDENTS

SHAWNEE, OKLA., January 5.—Students may pay their tuition at Oklahoma Baptist University with pigs, chickens, hay, corn, cows, wheat, or farm implements.

The board of trustees has voted to set in motion the program of Dr. Hale V. Davis, president, for establishment of a 40-acre farm on university land near the campus to give students employment. A canning plant or garment factory also will be constructed.

A milling company has agreed to pay 10 cents a bushel above the market price for the university's wheat.

I next call the attention of the Senate to one page of a most conservative publication entitled "The Nation's Business," a publication sponsored by the United States Chamber of Commerce, and certainly not a radical one. Yet on one page in the issue for January, 1933, it contains an article,

merely the headlines of which I will read. One headline, in large black letters, reads:

We do business by barter.

Then another headline reads:

International barter, too.

Under the heading International Barter it refers to the incident of the United States trading American wheat for Brazilian coffee. It refers to many other instances of bartering which I will not take the time to mention.

Mr. President, the practice of barter is not limited to the far Western States; it is not limited to California, to the South, or even to Oklahoma. Here is a news item from a very conservative sheet called the New York Times. On the financial page, under the heading Along the Highways of Finance, I find this news item under heavy black lines:

Barter in Wall Street.

Mr. President, is it possible that even in Wall Street money is so scarce that they have to barter? Nearly all the money we have is in Wall Street, and yet money there is so scarce that they have to trade, swap, and barter even in Wall Street, New York City, in the United States of America.

I next call attention to a news item appearing under an Associated Press date line, New York City, December 30, 1932. The headlines are as follows:

Bartering is used to revive business.

Canada and Russia said to be discussing plan. Practiced in towns.

It then refers to the United States under the subhead "United States in barter deal." I read the latter paragraph from this news story:

Even the United States Government participated in a big bartering deal this year. It made an outright exchange of 25,000,000 bushels of wheat to Brazil for 150,000,000 pounds of coffee. This followed closely upon sales of 15,000,000 bushels of Farm Board wheat and flour from the Pacific Northwest to China—similar in effect to a barter by stimulating imports of Chinese goods and relieving farmers of wheat they could not sell for a profit.

Brazil also entered into a deal with Poland recently which practically was a barter.

It then refers to that deal.

Mr. President, so many places have been forced to practice bartering that now the barterers, those who practice bartering, have recently held a national convention. I have heard of lawyers having conventions, of doctors having conventions, of ministers having conventions, of bankers having conventions, of real-estate men having conventions, but now those who practice bartering have held a national convention in the wonderful State of California. I wish to read just briefly a news item from Los Angeles about that convention. The headline is "Barter Convention Discusses Method," and the item itself is as follows:

LOS ANGELES.—New plans of acquiring food and clothing to exchange for labor "currency" were to be discussed to-day by delegates to the convention of the California Council of Cooperative Unemployment Relief.

Committees were to submit reports describing new ways and means of obtaining commodities which the organization through its exchanges distributes among indigent members for labor services. Officials reemphasized their policy of nonprofit operation.

Money which applicants subscribe as membership fees is used only to defray overhead expenses, they said. No salaries are paid. The exchanges serve as a clearing house for credits.

Mr. President, I have tried to show that the country is worse off to-day than it has been at any time in its history. I have tried to show that the country is in such a bad condition for the want of money that if any exchanges are made, if any business is transacted, save with the Government, the people are forced to trade, barter, and swap.

Mr. LOGAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Kentucky?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. LOGAN. In investigating the practice of barter, has the Senator found any way whereby one can pay off his note at a bank or a farmer can pay off his mortgage at a Federal farm-loan bank by barter?

Mr. THOMAS of Oklahoma. Mr. President, bartering will not go to that point. The practice of bartering can only

be employed in order to keep people alive. When they have something to trade, they can trade it for food, for clothing, for shelter. They can not get money for their commodities; they can only get goods in kind. They can be kept alive in that way, but they can not pay their taxes; they can not pay their interests; they can not pay their debts.

Mr. LOGAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Oklahoma yield further to the Senator from Kentucky?

Mr. THOMAS of Oklahoma. I yield.

Mr. LOGAN. They can be kept alive in that way if the creditor does not get the material they have to barter before they can barter it. Is not that true?

Mr. THOMAS of Oklahoma. That is absolutely true; and later I will come to that particular point.

Mr. President, I want to show, if I may, how scarce money is.

Mr. FLETCHER. Mr. President, may I interrupt the Senator for just a moment to make an inquiry?

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Florida?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. FLETCHER. I should like to inquire if there are other features of this bill outside of section 19 which the Senator opposes, or if it is only section 19, referring to branch banks, to which the Senator objects? The Senator has admitted that the whole country requires some legislation with reference to banking and currency reform. The President in his message to Congress at the beginning of this session stressed very strongly and explicitly the need of banking legislation. We have recognized that for some time. I think the Senator himself has stated to-day that this banking and currency measure was one of the most important to be presented to the Congress. Now we are trying to relieve the situation which he has so clearly depicted and which we all so regretfully realize by considering the measure before us, which is this bill. We have an idea that this bill is going to be very largely helpful in solving the problem of taking care of the unemployed in business, agriculture, and commerce.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator please state to the Senate how this bill will bring about any relief for any distress that exists?

Mr. FLETCHER. I think in many ways. It would take some time to explain it, and I want to do that at some length, but I am afraid it would interrupt the Senator too much to go into all the details of this bill; but in many ways it would strengthen our financial structure. In many ways it would help out the banking situation throughout the country.

Among other things, it would prevent to a large extent this stock speculation and gambling on Wall Street that was so largely responsible for the \$49,000,000,000 loss in the value of securities in 1929 and 1930. It would stop that. It would strengthen the banks. It requires a larger capital of national banks. I think that is one thing that is needed; and it would give the Federal reserve system other powers than they have now and would put upon them certain duties. Even where they have powers now, they do not perform them all, but this would make it obligatory upon them. So that in a great many ways it would help; and this matter of branch banking, I think, is a valuable provision in the bill.

I think branch banking in itself is sound where controlled as this is. The idea of branch banking originated with the Comptroller of the Currency under President Cleveland. He was strongly in favor of, and advocated, branch banking. President Cleveland advocated branch banking. Mr. Carlisle, Secretary of the Treasury under President Cleveland, advocated it. The Treasury authorities advocated it in those days. It continued to be favored by the officials in charge of financial matters for the Government until the Harding administration. Then there was some change. Now the Federal Reserve Board is in favor of branch banking, the Treasury is in favor of it, the Comptroller of the Currency is in favor of it, and the American Bankers' Association

have receded from their opposition and now agree to take no position with reference to it.

I think the branch-banking provision of the bill is an important one; but I am willing, as the Senator from Virginia has agreed, to accept the amendment offered by the Senator from Michigan; and he is willing to go further, as I understand, and confine branch banking to States which permit branch banking. That, it seems to me, ought to be satisfactory to those who are opposing the bill. That would obviate their main objection, and it seems to me that ought to be satisfactory.

I will say to the Senator that this is what is happening, not only in Florida but all over the country:

The Senator from Louisiana [Mr. LONG] the other day referred to some bank failures in Florida, particularly after the boom of 1924, 1925, and 1926 collapsed. There were bank failures, and there have been bank failures all over the country since, as we have repeatedly heard and as we know; but not a single branch bank failed. The laws of Florida prohibit branch banking. There was not a single branch bank established in Florida, then or now. None of the banks which failed were branch banks. They were chain banks or unit banks, as the case might be. So at the beginning here I felt inclined to go along with our own State policy with regard to branch banks, and I felt inclined to advocate the unit banking system; but what is happening in Florida as elsewhere?

The national banks are organizing unit banks in various localities over the State—what they call affiliates. They are all organized under existing law, and these affiliates are taking the place that would be occupied by branch banks. They are interfering with the unit bank just as much as a branch could. They are affording competition with the unit bank, and all that sort of thing, to a greater degree than a branch bank would. These little affiliates are not as strong as a branch bank would be, because they have not back of them the parent organization as a branch would have. They do not afford the protection to depositors that branches would afford on that account, and they can not afford to patrons or customers of their communities the accommodations that a branch could afford, because they are limited by their capital, surplus, and so forth. So that we are having now a worse condition than branch banking could afford so far as the units are concerned, and we are having not as good protection to depositors or to the communities in the way of accommodating their needs as we would have if we had branches.

I have no doubt that is taking place all over the country; so that if we do not adopt this section we are having just the same thing that this section might permit under the present system where the affiliates are in operation; and under the law as it stands these affiliates are being formed in different States. I have no doubt that condition exists in other States. We are having a weaker financial structure than we would have if we had branch banks; and we are having just as great competition with the unit banks as we would have if we had branch banks, perhaps greater.

So that is one thing that I think ought to be considered. If that is taking place elsewhere, what is gained by opposing branch banks, and permitting these affiliates to proceed, and permitting national banks to establish affiliates wherever they like in any portion of the State? That is going on now under the present law.

Mr. THOMAS of Oklahoma. Mr. President, I have tried to show, and I shall continue to try to show, that more than half of our population to-day are in distress. They can not pay their taxes. Because they can not pay their taxes, districts, cities, counties, States, and the Federal Government itself can not pay their obligations. They are all borrowing money with which to meet their overhead expenses. I have tried to show that people can not pay their interest. Because they can not pay their interest, those who hold the mortgages are forcing payment, taking over the property, and the people are losing it. It is worthless; and I charge that this is because there is not enough money in circula-

tion with which the ordinary business of the country can be transacted. Yet they tell us that we have \$45,000,000,000 in existence.

Mr. President, that is not money at all. I fear that a large part of that forty-five billion is nothing more than a worthless debt. This money in the 20,000 banks of America, Mr. President, is based upon the notes of the residents and the patrons of these banks. If the banks can not collect these notes, how is the bank to pay the deposits based upon those notes? The banks can not collect until value comes back into the securities. As far as you take money out of circulation, that value ceases to exist, going lower and lower and lower; and to the extent that money is placed in circulation, value creeps back into these securities. There is no other way to make the national and the State banks of America even solvent.

Mr. LONG. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. LONG. The Senator from Florida apparently did not hear the decision of the United States court which I read here the other day. For that reason I wish to ask the Senator from Oklahoma if he is familiar with it; that decision being to the effect that where one set of stockholders own a corporation, and the same set of stockholders own another corporation, and they operate them together like two group banks, the law regards them as one; and this fiction of undertaking to operate these group banks is and always has been a violation of law and prohibited by the law.

Mr. THOMAS of Oklahoma. Mr. President, at this time I do not care to become involved in the intricacies of the mechanism or text of the bill. When the text of the bill is reached, there will be numerous amendments proposed, at which time the whole phase of banking deposits, credit money, and deposit money can be gone into. I am not addressing myself to any of those propositions now. I am trying to show that we have not any money in circulation with which to do the business of the Nation; and because there is no money in circulation, taxes can not be paid; because there is no money in circulation, interest can not be paid; and neither is being paid to any large extent.

Take the city of Atlanta. That is only a type. The residents of Atlanta could not pay their taxes in the main, a large percentage of them. Because they could not pay their taxes the city treasury of Atlanta was depleted. It could not pay its bills. It could not pay the salaries of the city employees. I have before me an Associated Press dispatch dated December 21, under the following headline:

\$400,000 SCRIP PAID ATLANTA EMPLOYEES—SUBSTITUTE MONEY ACCEPTED BY STORES FOR MERCHANDISE, BUT ONLY PARTIALLY REDEEMABLE IN CASH

ATLANTA, December 21.—Scrip valued at \$400,000 was issued to 4,000 municipal employees of Atlanta yesterday as a substitute for cash payment of their November salaries.

December salaries have not been paid as yet, and authorities saw little hope of distributing them until after the first of the year.

They did not have good money. They did not have gold with which to meet these bills. They did not have silver. They did not have paper money. Unfortunately, they did not even have credit money or deposit money with which to meet their bills in that great city. But even in the absence of any kind of money they had to have something, so the city authorities proceeded to issue their own money, and here is a statement of what they did and how it operated:

The scrip turned loose a flood of money for Christmas purchases, due to action of two big department stores and a grocery chain in redeeming it at partial cash value. One store paid 50 per cent in cash and accepted the other half at dollar value in payment for merchandise. Another adopted a policy of not limiting the employees to any percentage of cash and merchandise, but promised to "treat each case individually and do whatever the employee of the city wishes us to do in reason." The grocery chain announced it would accept \$50,000 worth of scrip, redeeming 25 per cent in cash.

Mr. President, that is all the cities can do. The cities are helpless. The people are helpless. The States are helpless. Only the Congress of the United States has power; and the results which we have to-day can not be otherwise than chargeable directly to the policies, or the failure of the policies, of the Congress of the United States.

Earlier in the day the distinguished Senator from Louisiana [Mr. LONG] referred to the wooden money issued out in Washington, at Tenino. I have the story here:

Wooden money big success.

Mr. President, if wooden money can be made a great success, how much greater success would real money be, even in that far-away western city!

I exhibit to the Senate a picture of a swapping transaction in the great State of Illinois. Even in that great State they have not any money—not very much—because at Evanston, a suburb of Chicago, money is scarce.

The picture is headed—

Illinois uses "depression" scrip.

Then there is a picture of a young lady purchasing a sack of some sort of flour meal from a groceryman and paying for the sack of flour meal with some of the scrip issued by the city of Evanston. Underneath the picture I find these words:

Making purchases in Evanston, Ill. Butchers, bakers, and candlestick makers at Evanston, Ill., have agreed to accept paper money issued by the city to municipal workers.

Then I have an Associated Press dispatch from the far Northwest, St. Paul, Minn. The story is as follows:

SCRIP MONEY FOR RELIEF IS APPROVED IN ST. PAUL

ST. PAUL, MINN., January 10.—Issuance of scrip money by the city and county for relief of unemployment was approved to-day by the city council, which also ordered an investigation of the plan's legality.

Under the proposal of Mayor William A. Mahoney the certificates would be issued against a \$100,000 reserve fund to be set up by the board of public welfare. They would be used to pay workers on projects inaugurated to provide jobs for the unemployed. To each \$1 certificate a 2-cent special stamp would be added weekly by the holder. At the end of the year the certificate, with \$1.04 in stamps attached, would be redeemed by the welfare board for \$1 in currency.

Mr. LONG. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. LONG. Is it not a fact that there is as much wealth in the United States to-day as there ever has been since the beginning of time, or more? Have we not more foodstuffs, more wearing apparel, more houses, more raw materials, more finished materials, more lumber, more to see, more to listen to, more everything; have we not more wealth in this country to-day than we have ever had? Is it not a fact that the trouble is just simply the fact that those in power have strangled the method by which people can exchange, through this machination and control of the medium of exchange?

Mr. THOMAS of Oklahoma. Mr. President, as I view the situation, there is more property and more value in these United States to-day than there has ever been. But I regard something besides property in this emergency. It appears to me that the contentment of the people is worth something. When we see 75,000,000 or 80,000,000 people in distress, without homes, hungry, naked, losing their property, many of them practically crazy, that is something to be thought of in the United States; and because of this distressed condition the main element of value in the United States, the contentment of the people and the hope of the people, has been largely lost.

I call the attention of the Senate to another Associated Press dispatch of date December 19 last. This is under the headline:

Scrip tame in comparison with "fandango dollars."

Mr. President, I do not know what a fandango dollar is, but apparently there is a dollar of that kind. It seems that any kind of a dollar is better than no dollar, and to-day we have no dollar. Not only do we have no bananas, but we

likewise have no dollars, due to the management of this great financial system by the powers which control the financial policy of the United States.

Mr. President, this shortage of money is not because there is not the money in the United States. There is the money, but the people can not get it.

Let me call the attention of the Senate to the amount of money there is. I quote from a publication entitled "Circulation Statement of United States Money, November 30, 1932." This publication is authorized and actually circulated by the Treasury Department. It is from the Public Debt Service, on Form 1028. This states the amount of money that is in existence, but the people can not get it.

There is gold coin and bullion under the jurisdiction and control of the Government in the sum of \$4,399,545,395.

There are gold certificates, owned by the Government, not in circulation. I am giving now the total stock of money, not the money in circulation. I am giving the amount of money the United States Government has which it could place in circulation. Of gold certificates there is the total sum of \$1,335,000,000. I will omit the thousands and the hundreds.

There are standard silver dollars, which could be placed in circulation, to the amount of \$540,000,000.

There are silver certificates which could be placed in circulation to the amount of \$491,000,000.

There are Treasury notes of 1890 in the sum of \$1,217,000.

There are subsidiary silver certificates amounting to \$306,000,000.

There are minor coins amounting to \$126,000,000.

There are United States notes amounting to \$346,000,000. Those are greenbacks, Mr. President. That is the kind of money which makes the financial power in Wall Street shiver when it hears of it, greenbacks. It is the kind of money they call fiat money. These greenbacks were issued almost 70 years ago, issued by the Congress and placed in circulation then to finance a horrible struggle on behalf of the Northern States. These greenbacks were placed in circulation at a time when the Treasury had but little gold and but little silver, and when there was not much confidence left, but the Government had to issue money. They could not issue gold, they could not issue silver, they had to issue paper, just as these poor cities of Atlanta and Denver and the city in Washington had to issue these funny kinds of money. Yet 70 years ago the Government issued some \$400,000,000 of fiat money, with no gold or silver back of it, nothing but the confidence and the reputation of the United States back of it, and so satisfactory has been that money that it is still in circulation.

I have one of those dollars in my pocket, a greenback, just as good as any dollar outside of the Treasury, and just as good as any dollar inside of the Treasury. That fiat money, so called, greenbacks, is not based upon gold, is not based upon silver, but is based upon the reputation of the United States, and back of that sum of \$346,000,000 to redeem that money there is only \$156,000,000 in gold. Yet those dollars are just as good as any dollar in or outside of the Treasury of the United States. They are so good that \$346,000,000 is still in circulation. For some reason, those dollars are not retired.

Then there are Federal reserve notes in existence in the sum of \$2,913,000,000.

There are Federal reserve bank notes in the total sum of \$2,600,000.

There are national bank notes in the total sum of \$875,000,000.

I have been reading the statement of the amounts of money making up the total stock belonging to the United States, and the total is \$9,451,735,753.

There is that money, but of that \$9,000,000,000 only five and one-half billion is in circulation. The balance is secretly, safely hoarded, not by the people, but by the Government of the United States.

Mr. President, what is the effect of this financial policy? A small amount of money is in circulation. When there is no money in circulation, people can not get money to pay

their taxes, they can not get money to pay their interest, they can not get money to pay their debts, they can not trade, and if they do trade, they must swap and trade and barter.

I hold in my hand a clipping from a newspaper published in my home county seat down in Oklahoma. It gives a list of the school districts in my home county. I live in the country. I do not live in town. I do not live on paved streets. There is no bank where I live; I am not bothered with banks. I can not borrow from them, have not anything to put into them, so they are useless to me, in the main.

But in my home county the school districts can not collect the taxes due; and because they can not collect the taxes from the farmers of my home county, the schools now are being forced to close. They should have a 9-month term, and the schools should certainly be running in midwinter. The teachers can not be paid because the farmers can not pay their taxes. Teachers can not live without money. What is happening there is happening throughout the United States for the want of money.

I call the attention of the Senate to a news item in the New York Times showing the effect the scarcity of money has upon realty values. This article is headed "Interest and Taxes Crushing Realty." The men and women who own the properties in New York City, as in all other cities, must pay taxes, they must pay interest if they have mortgages; and because they have not the money and can not get the money, the properties not being able to produce it, realty values are being destroyed.

Not only has this situation the unemployed man down in the ditch, not only does it have the farmer on his farm to-day with perhaps plenty to eat but with no money, not only does the small merchant in the city and the small town feel the force of this situation, but because of the unemployment, because of the farmer's plight, because of the merchant's plight throughout the United States, it is finally reaching the great cities of the East. The tornado is rolling along; and if it is not stopped, I will say to-day what I said last year when I made a comparison.

When I was in Russia, I went into the financial districts of the great cities of Leningrad and Moscow, and at one time there were great financial sections in those cities. They had fine buildings. Those buildings were built of the finest marble and finest granite, with polished brass and subdued bronze, and in those fine buildings in the financial sections of Moscow and Leningrad in Russia there were at one time thriving banks. To-day all the value has been taken from those buildings. The plate glass is gone, the bronze doors have been removed, and in the place of having in those buildings fine fixtures and dealing out Russian rubles and bills of exchange, cashing checks, and making deposits, those once fine buildings in those great cities to-day are used for the storing of hay, potatoes, cabbage, and secondhand goods.

Might that happen to Wall Street? Wall Street does not live off Wall Street. Wall Street does not live off New York City. Wall Street does not live off New York State. Wall Street and those great institutions live off the fertile farms and prairies of the West and the fertile soil of the Southland. When those farmers, those merchants, those unemployed become impoverished, when their money is gone and they can not get any more, sooner or later these gigantic institutions now thriving in New York will become nothing more than what the Senator from Virginia termed a few days ago "pawnshops," and they would be lucky even to be pawnshops. I prophesy that if they do not change their course, it will not be long until perhaps those gigantic banking structures in New York City which now control the financial policy of the world will be inhabited by nothing more, perhaps and perchance, than bats and owls. Eleven thousand banks have failed; there are 50,000,000 of unemployed with their wives and families; 30,000,000 farmers have no money and are losing their farms.

Let me read a letter. I do not desire to make statements without having something upon which to base them. Here

is a letter written with lead pencil on a very plain cheap paper. The writer of this letter lives in the country on rural route No. 5 at Fort Cobb, Okla. The letter was written on December 19, 1932. Here is the first paragraph of the letter of this honest old farmer living 25 or 30 miles from my home in Oklahoma:

I just returned last night from a 11-day trip up in the northern part of the State visiting relatives and old friends I have known for 40 or 45 years. I visited 14 of them. Nine of them have already lost their farms through foreclosure. The others, their mortgages will be due between now and September 1, 1933, and they have no hope of getting a renewal, and getting a new loan is just out of the question.

Why is it that farmers having good land, producing good crops this past year, could not sell those good crops of wheat and corn and cotton and livestock for enough money to pay first the taxes? The taxes are not unusually high, though they are high. If they could pay their taxes, they could not pay their interest. If they could pay their taxes and interest, they would have no money left to supply themselves and their families. As a result, wheat is selling for 24 cents a bushel, cotton 5 cents a pound, oats 7 cents a bushel, corn 14 cents a bushel. A good crop could not be sold for enough money to pay taxes and interest.

Apparently the people all despair of the Congress of the United States giving them any relief. They had hopes, but their hopes are fading fast. Others of the country besides the unemployed and the farmers who are in such dire distress have no hopes of Congress giving them any help. A great college professor by the name of Dr. Nicholas Murray Butler—of course, that does not mean anything perhaps to some, but I submit his statement for what it is worth, and I quote from a New York news item of December 25 as follows:

Slump cure is put up to universities.

Mr. Coolidge's big men have not gotten together yet. They have not done anything. If they have, I have not seen mention of it. The Congress of the United States, the only body in the world that can do anything, has not done anything. University professors, great college presidents know of our responsibility, know what goes on from day to day, and know we have not done anything. They do not see where we propose to do anything. So Dr. Nicholas Murray Butler states that it is up to the universities to save the Republic. He said a group of college men should be appointed to study the question and make suggestions and recommendations. I read from his statement:

The specific task to be intrusted to such a group, which in its conferences would naturally desire to establish fruitful contacts with leaders of finance and industry in this and other lands, would be to examine into and to report upon the adequacy of the existing price and credit system to serve the needs of twentieth-century community under the conditions which modern technological methods and their application to modern industry have created.

Doctor Butler understands this matter. He knows what is the trouble. Despairing of Congress doing anything, he suggested that university men create a group to study and find out what the trouble is. Of course, after they make the study they would make recommendations which would not be read. If they should be read here, there would not be to exceed 15 or 20 Senators here to listen.

That is what the university men say. The scientists are pretty wise people. They know that nothing has been done. They do not see any chance for anything to be done. I have another news story under an Atlantic City date line, another United Press story of date December 25. The heading of this story is as follows:

Scientists tackle jobless problem. Relief and unemployment prevention to be topic of Jersey session.

The text reads:

The relief and prevention of unemployment throughout America will be one of the subjects of discussion at the convention of the American Association for the Advancement of Science which opens here Tuesday.

Mr. President, I do not propose to be one in this body of whom it can be said that he gave no attention to this problem. I now show the Senate a diagram. It is an argument

in itself; and were the rules sufficiently liberal, I would ask to place it in the Record. It is a diagram showing in the first place two piles of wheat, with an old farmer standing looking at them. He is wearing patched overalls. His shirt is in rags. One pile of wheat contains 396 bushels, a very small pile, while another pile of wheat contains 2,200 bushels of wheat. The wheat is piled out on the ground. That is frequently done in my State. I have seen piles of wheat containing thousands and tens of thousands of bushels piled on the ground. The old farmer is looking at the two piles of wheat. One contains what it takes to lift a \$1,000 mortgage in 1920. In 1920 the farmer could have paid his farm mortgage with that little pile of wheat containing 396 bushels, but to-day he looks at the large pile of 2,200 bushels and realizes it takes that pile to pay his \$1,000 mortgage. That is the difference. That is why the farmers are in the condition in which we find them to-day. That is chargeable directly to the policy of the Federal Reserve Board which takes the people's money out of circulation and cancels it.

The diagram contains a second picture of the same farmer looking in another direction. He is a cotton farmer this time. He still owes \$1,000. He has to pay his debt in cotton. In 1920—and let me remind the distinguished Senator from Virginia [Mr. Glass] that in 1920 he was Secretary of the Treasury. He had served a long and distinguished term in the Congress of the United States. He had written the Federal reserve act governing the finances of the greatest nation in the world. He was closing his term of public service as Secretary of the Treasury. At that time this farmer in his State could have paid his \$1,000 mortgage with 2,948 pounds of cotton. The Senator is still with us. He has largely controlled and dominated the financial legislation from 1920 until to-day. To-day this old farmer in Virginia, to get rid of this \$1,000 mortgage, must raise and deliver to market and sell 14,674 pounds of cotton.

It can not be done. Who holds that mortgage will take the farm, unless perchance more money is placed in circulation, and I will come to that later. The moment that is done prices rise. In the last three weeks money has gone out of circulation, last week \$80,000,000, and on yesterday the market reacted. Wheat and corn and cotton fell; commodities of every kind and character fell. Bonds went up. We will come to that later. I do not care to enter into a discussion of bonds just now save to say that the bond market and the bondholders control the United States. They are Wall Street. Wall Street controls the Federal Reserve Board. The Federal Reserve Board is the agent of this Congress, and being our agent we are bound by what they do, and we can not escape that responsibility.

Now I come to the farmer. I am going to proceed just as rapidly as I can and refer to some of the news stories, because I think they are pertinent. I am reading from authorities which I think are reliable. I know of none more so than the Associated Press. I have a news story from Le Mars, Iowa, dated January 7, under an Associated Press headline. The heading of this story is:

Iowa farmers win new sales victory. Mortgage auction called off by sheriff in face of angry crowd.

The force of this item is that the farmers out in Iowa could not pay their mortgages, because they could not raise wheat and corn enough to raise the money to pay the mortgages. The creditors proceeded to foreclose. Of course, the farmers had no defense. They could not pay. The court had nothing to do but issue judgment in favor of the creditor who undertakes to sell the property. The time was fixed, and when the time came to sell the property the farmers banded together, went down to the courthouse, and prevented the sale. That policy is chargeable directly, in my judgment, to the activities of the agent of the Congress, the Federal Reserve Board of the United States.

I will read this article in full. It is dated Maryville, January 7, Associated Press headline, "Livestock foreclosure sale brings \$34.90." I read:

Five hundred farmers took charge of a chattel-mortgage foreclosure sale to-day at the I. C. Moore farm, 10 miles northeast of Maryville, and bid in 49 head of livestock for a total of \$34.90.

Livestock selling for less than a dollar a head!

The mortgage held by a Ravenwood bank amounted to \$2,200. Fay Casteel, an officer of the bank who acted as clerk at the sale, departed after only \$1 bids were made on purebred cattle.

The farmers persuaded the auctioneer, C. E. Showen, to continue with the sale.

The sale was continued, and the total amount realized at that sale in Missouri was \$34.90. The original mortgage was \$2,200. There is one creditor, Mr. President, who, I would guarantee, believes that there should have been more money in circulation in the vicinity of that farm in Missouri.

Missouri, however, is not the only place where these things are occurring. They are occurring in every State. I call attention to a news item in the New York Times, an Associated Press dispatch dated January 7, which refers, apparently, to the same incident. I will only read the heading:

Iowans act to ban all forced sales. One thousand farmers to demand of the legislature this week an antireclosure law.

Mr. President, the financial powers of this Republic have run this Nation with such a high hand and kept money from being in circulation until to-day they have forced a state of anarchy in every section of the Nation. It can be nothing less than anarchy when farmers congregate around a legal sale and refuse to permit the regular officers to function. That is all anarchy is.

Mr. President, the more Senators I can make mad the more success I am going to have.

The VICE PRESIDENT rapped with his gavel.

Mr. THOMAS of Oklahoma. I now come to Pennsylvania. That State, to my regret, is not represented upon this floor at this time.

Here is another Associated Press news story from Doylestown, Pa., dated January 9. This is not ancient history I am giving the Senate. This is what has happened within the past week; this is what is happening to-day; and the Senator from Virginia was honest enough a while ago to admit that conditions will be worse next week than they are now. These acts of anarchy and nullification are not confined to the poor, perhaps ignorant, farmers of my State or those of the South or of the West. The same spirit pervades the judiciary of the great State of Pennsylvania. Even in my State, in county after county, the district judges have served notice on creditors that they will not entertain any further foreclosure proceedings. They can not prevent the filing of suits until the law is changed, but they will never permit those cases to come to trial.

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. LONG. I ask the Senator to yield only for a question and within the rules of the Senate. I should like to ask the Senator this question: I know the Senator to be one of the most erudite men in this Chamber; I know him to be acquainted with the history of the entire human family as far as the memory of man has any recollection; I should like to ask the Senator if, in his opinion, it is possible for the country to exist for many years—I am almost afraid to say what I think; I had almost said many months—unless we recognize the factor that the concentration of wealth in the hands of a few will destroy the top structure the same as it destroys the bottom structure upon which it rests? I ask the Senator to answer that question, Mr. President, because the Senator is one of the few men in the Senate who have studied this financial question and the subject of money and currency from the beginning until the present time. I ask the Senator to answer the question whether he thinks that it is possible for the country to survive with its wealth and its currency and its medium of exchange concentrated and crystallized in a few hands.

Mr. THOMAS of Oklahoma. Answering that question, Mr. President, I will say that, under the circumstances, no nation ever has survived, and this Nation will not and can not be an exception to the rule.

Mr. President, I do not know what can be done but I am going to make a suggestion later on. We have already had Washington visited by great masses of people. Last December a year ago, we had come here one crowd of 3,000. At a later date 15,000 came, and during the early spring and summer we had perhaps 20,000 here. At the beginning of this session we had smaller delegations come. They were met at the District line and escorted through the city. I have a picture of one delegation marching down Pennsylvania Avenue, and for every marcher there were two policemen. What I fear is that some time before long they will come here in such numbers that they will not stop at the District line and we will not have a sufficient number of policemen to give two to each of the folk who may be here at some time soon. The sooner the powers that control this Republic—and they are the ones that control the money—realize that fact the better it will be for them and far better will it be for the rest of the population of these United States. I hope Senators will not leave. I am going to come to their States in time. There is no exception. I was referring to Pennsylvania. I read:

SHERIFF ASKS SALE BE DECLARED VOID—PENNSYLVANIAN TELLS COURT HE WAS THREATENED WITH BODILY HARM

DOYLESTOWN, PA., January 9.—Judge Hiram H. Keller, of the Bucks County Court, was asked to-day by Sheriff Horace E. Gwinner to declare void a sheriff's sale where the highest bid for a farm was a few pennies and where horses and cows brought the top prices—5 cents each.

This was in Pennsylvania. Whoever are responsible for this condition—and I think I know and nobody challenges me—have brought conditions such that under forced sales in Pennsylvania horses, cows, and hogs sell for as low as 5 cents a head. I just have the suggestion from my distinguished colleague from Oklahoma [Mr. GORE] that Pennsylvania at one time was the proud king of agriculture in the United States, and of all the great counties in Pennsylvania, Lancaster not excepted, Bucks County at one time headed the list.

Gwinner—

He was the sheriff—

Gwinner made the request as he filed his official report on the sale last week which netted a total of \$1.18 for the farm, home, personal effects, and all the livestock of John Hanzel, in Bedminster Township.

That is what we are coming to. That is what the creditor class is coming to. No doubt the mortgage was large upon this farm in Pennsylvania, but because of conditions, the farm, the home, the livestock, the personal effects on this farm, in that fine county of Pennsylvania, sold for the gigantic sum of \$1.18. Is it not time that the creditor class began to take some heed of conditions? I will come to that later.

Reading further:

The sheriff declared he was threatened by members of the Farmers Protective Association, who, he said, crowded around the auctioneer and prevented bids of more than a few cents being offered.

Mr. President, what is that? There was a legal process being executed. The court ordered the sale, the sheriff was doing his duty, but the conditions in Pennsylvania are so bad that thousands of farmers, in order to protect themselves, banded together. That is anarchy. I do not blame the farmers. The first law is that of self-preservation, and that law is being applied in Pennsylvania.

At the conclusion of the sale, members of the farmers' group who had made the successful bids gave all the purchases back to Hanzel, a widower with three small children.

"I was threatened with bodily harm," Gwinner said, "called vile names, and jostled by the crowd, which was sympathetic with Hanzel."

Mr. President, what is that? So far as I know, there has been practically no effort made by the Congress, and especially by the Senate, to ascertain the cause, and certainly no effort has been made to provide a remedy. This banking bill is no remedy. Creating a new banking board and leaving off the Secretary of the Treasury will bring no relief. Creating an open market committee to buy bonds will bring

no relief. Creating a liquidating committee will bring no relief.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. LONG. With the Democratic administration, which is coming in, promising relief from these very inconvenient situations, does it reflect to the Senator's mind a keeping of faith with the people that from this side of the Chamber there is being sponsored legislation to take off the board the President's appointee who is supposed to be the moving and regenerating factor toward the achievement of financial and currency relief for the people at this time?

Mr. THOMAS of Oklahoma. Mr. President, they are doing that identical thing before the President elect has a chance to be sworn in on the front of this Capitol on the 4th of March. I have no objection to having this bill considered after the new administration shall come in, but I am opposed to its being considered now. The majority in the House is now Democratic; it is Democratic here. While the nominal majority is on the Republican side, the Senator in charge of this bill is on our side, and this is our bill. I do not share any ownership in it, however.

Mr. LONG. Mr. President, I should like to ask the Senator a further question.

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. Would it not be a terrible retraction for the party if from this side of the Chamber we allowed this bill to be passed in the teeth of the pronouncement of our nominee and elected President that he is against such things as are contained in this bill?

Mr. THOMAS of Oklahoma. Why, Mr. President, this bill is not going to pass. If we had leaders who would stay on the floor, they would soon learn that it is not going to pass.

Mr. LONG. I should like to ask the Senator—

The VICE PRESIDENT. Does the Senator yield further?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. I should like to ask the Senator if the party leaders that we have recognized here have not abandoned the floor and refused to listen to what the Senator and others of us have said here concerning this bill?

Mr. THOMAS of Oklahoma. Mr. President, I do not want to designate any particular Senator as a leader or a non-leader.

It is unfortunate that in the Senate we do not have any possibility of concentrating power. This is the most widely democratic body in the world. Here is a body of 96 Senators. In one sense there are no leaders. In another sense every Senator is a leader. Recognizing that weakness, as I see it, some time ago I introduced a resolution proposing to create in this body a committee in which could be centered the power of the Senate of the United States. My committee was supposed to be nonpartisan, made up as follows:

First. The majority chairman. He is the leader of the majority party, so he should be chairman of my committee.

The second member of my committee was to be the leader of the minority party. He should be on this committee.

Then I would have members designated from three great committees:

First. The Finance Committee, that has its hands in the pockets of every man in America. I would make the chairman of that committee, of the majority party, a member of this committee, and make the ranking minority member of that committee a member of this committee.

Second. I would take the Appropriations Committee, the committee that spends the people's money. Year before last they spent six billions of the people's money. Last year they spent five billions of the people's money. This year they will spend something less than five billions of the people's money. I would make the chairman of that committee, who would be a member of the majority party, a member of this committee. Then I would put the ranking minority member of that committee upon this committee.

Third. I would take the Foreign Relations Committee. That committee deals with our relations with other countries. I would put the chairman of that committee upon this committee, and the ranking minority member.

Again I am sorry to disturb a conference. After one has talked for about five hours he probably gets a little peevish. I do not mean anything by it, but it is a disturbance.

Mr. LONG. Mr. President, will the Senator yield for one further question? Then I promise not to interrupt the Senator for some time.

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. Knowing our leader here from the State of Arkansas—

Mr. THOMAS of Oklahoma. I will come to Arkansas shortly.

Mr. LONG. I will ask the Senator whether he believes—

Mr. THOMAS of Oklahoma. Mr. President, until I get through with my explanation I do not care to yield even for a question.

The VICE PRESIDENT. The Senator declines to yield.

Mr. THOMAS of Oklahoma. I was trying to suggest that I had a resolution pending proposing to center in one committee the power of the Senate of the United States. It can not be centered elsewhere. The House is elected for only two years. The Members of the House are elected today, sworn in, and serve for two years, and then are gone, perhaps. The President is not permanent. Presidents come and Presidents go. The Senate, organized 150 years ago, goes on and on forever. As long as the Government lasts, the United States Senate will be a live, going concern. Here, in the Senate, is the only place where a permanent committee can be created to represent the United States of America. I have proposed that committee; and if that committee should be appointed, then we would have one committee to whom we might go to present matters in times of emergency. We have no committee now.

The Finance Committee can not do anything.

The Appropriations Committee can recommend appropriations, and do recommend appropriations, and we pass them; but they do not solve any problems.

The Foreign Relations Committee can consider our relations with foreign nations, and do, and justly so; but they can not solve these problems.

I propose the creation of one committee made up of the elder statesmen, men who have served in this body for 20 or 30 years, the heads of the great, powerful committees; men who by experience and training and development are the best minds, filled with the records of the past; and in that committee I propose to center in times of emergency the power of the Senate of the United States. If we had such a committee, we could appeal to that committee for help. There being no committee, regular or otherwise, to whom we can appeal, I am forced to appeal to the Senate of the United States.

Mr. LONG. Mr. President, will the Senator yield now?

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. LONG. For a question only I ask the Senator to yield.

Does the Senator feel that if our leader on this side of the Chamber really knew that hundreds of millions of dollars were being taken out of the Treasury of the United States and given to this monopolistic banking syndicate, would he feel inclined to turn the people's funds from the Treasury to this banking syndicate when the Treasury is advertising its own need of money? Does not the Senator feel that the leader of this side of the Senate, had he been informed of the provisions of this bill through a proper hearing, would have hesitated a long time to give his approval to any kind of a scheme that would have taken from the Treasury of this country hundreds of millions of dollars in order that they could have unified and consolidated and made imperialistic the banking control of this country?

Mr. THOMAS of Oklahoma. Mr. President, I will not be drawn into that controversy. The distinguished senior Senator from Arkansas [Mr. ROBINSON] is on the floor and can speak for himself in his time.

I now refer to Arkansas. I do it only as a means of information. Here is an Associated Press dispatch dated Little Rock, Ark., January 10. The heading of this news story is as follows:

Foreclosure holiday asked in Arkansas bill.

I will read the news story:

A 2-year suspension of farm-mortgage foreclosures was proposed in both houses of the Arkansas Legislature at its second day's session to-day.

That is January 10, three days ago. I continue reading:

The senate received a bill which would declare a moratorium during this year and next on foreclosure of mortgages on homesteads, and the house adopted a concurrent resolution calling upon chancellors of the State not to grant decrees of foreclosure for a period of two years or longer.

In my State it is proposed to suspend the law under which foreclosures can be made. There is no other relief for the people, or else they must see their property taken from them. When I get to it I think I can show the Senate how it could be done—how it is being done through one process. Reverse the process, and it will reverse the trend. I will come to that in due time.

I have here a news item from the Daily Oklahoman, one of the leading papers of my State. The article is under heavy headlines, as follows:

NO DISORDER; NO BIDS; NO SALE—MOCKING ECHO ANSWERS FARM AUCTION PLEA

DES MOINES, IOWA, January 2.—Passive resistance Monday blocked efforts of three county treasurers in Iowa to sell property on which taxes are overdue.

Crowds attended the tax sales but there were no bids.

With debt-burdened landowners unable to obtain funds to pay taxes there was an unorganized but well-developed movement to prevent county officials raising revenue by selling land, both rural and city, on which payments are delinquent.

"There aren't going to be any bidders," said one of the overall-clad men who gathered in the Harrison County treasurer's office at Logan.

More than 2,000 pieces of property were to be offered for sale there but there was not a bid from the 400 to 500 persons at the courthouse.

After waiting 20 minutes for a bid, J. C. Hammond, treasurer, postponed the tax sale until February 27. Hammond said there was no demonstration but that those attending the sale apparently had agreed beforehand to prevent bids.

This in the United States of America, with the United States Senate, forming a part of the United States Congress, in daily session, and yet not a committee making any effort to ascertain the cause or to provide a remedy, in my judgment!

I read:

Only a handful of persons were present at Red Oak, where Treasurer Harry Mayhew, of Montgomery County, attempted to hold a sale. With no bidders in prospect, he postponed action until February 6.

There was an orderly demonstration at the Linn County courthouse in Cedar Rapids. Representatives of the county farm bureau tax committee, the Federation of Labor, and the city council urged postponement of the sale. Officials finally deferred it until February 20.

Now we come back to the East.

Albany, January 11.

In large, black type, I read the following headlines from Albany, N. Y.:

FORTY MILLION STATE RELIEF FUND PROPOSED IN ALBANY MEASURE

ALBANY, January 11.—A bill creating a State loan fund of \$40,000,000, modeled after the Reconstruction Finance Corporation, to aid small retailers, manufacturers, and other business, was being prepared to-day.

The measure, sponsored by Assemblyman Ira H. Holley, Manhattan Democrat, would permit individual loans up to \$1,500. A temporary State loan association would be set up.

Illinois: I am not reading ancient history. To-day is the 13th of January. I read from a news story of the Associated Press of date January 11—two days ago. The story is headed in black headlines:

GENERAL TAX STRIKE THREATENS ILLINOIS—STATE-WIDE MOVEMENT GIVEN CONSIDERATION AS NOTICE IS ORDERED TO LEGISLATURE

BLOOMINGTON, ILL., January 11.—Threat of a state-wide taxpayers' strike was made yesterday as the annual meeting of the Illinois Taxpayers' League adopted more than a dozen resolutions demanding revenue reforms and governmental economies.

More than 300 delegates from taxpayers' leagues in 30 counties approved sending of a notice to State legislators that "pigeon-holing or sidetracking of these proposals . . . will be met with a determined effort to inaugurate a state-wide tax strike."

The major resolution provided "a 1 per cent maximum general property tax on the full fair cash value be established in conjunction with provision for the compulsory filing of personal-property schedules, to the end that all forms of wealth may be assessed on a uniform basis as provided by our Constitution."

Other resolutions advocated consolidation and simplification of overlapping local governments, reduction of salaries of officeholders and employees, elimination of superfluous employees, reduction of election expenses by combining county, city, and township elections, and delegating to county supervisors authority to fix salaries of county officers.

Mr. President, I think I have shown you now what some people think of the situation. They did not learn of this situation through the CONGRESSIONAL RECORD. They know it in the home, and they know it on the farm. They see it; they feel it; they live it; they breathe it; and I fear sooner or later they will act it.

I am going to quote from some rather good Democratic authority. I now call the attention of the Senate to some writings of one I conceive to be a great Democrat. He was the keynoter at the Houston convention, a writer of great books, a great editorial writer. I refer to Claude Bowers. This is what Claude Bowers said in a recent issue of his column:

The average man is demanding now that through government he, too, shall be protected—against the gluttony and greed of an exploiting class.

Unless that protection is given we shall very speedily have another revolution, which will go deeper than anything many of us dream of now.

Mr. President, supporting Mr. Bowers, I continue to introduce for the RECORD testimony of other distinguished Democrats, testimony of persons in whom I have the greatest confidence. The first one to whom I call the attention of the Senate is one of the spokesmen for that great organization known as the American Federation of Labor. Mr. Edward F. McGrady is one of their responsible spokesmen. Only recently Mr. McGrady said:

Workers are only waiting for a leader to revolt.

Did Mr. McGrady mean that? He is here in Washington; and if anyone cares to know what he means, if there is any doubt, he can be called over the telephone and asked for an interview.

I now wish to quote from another great Democrat, Colonel House, who perhaps has had as much influence in world affairs in recent years as any man who has lived. I read the story in full, because I think it is worth while:

COLONEL HOUSE FORECASTS "REVOLUTION" IN UNITED STATES

NEW YORK, December 29—

This is not ancient history, but appeared only 15 days ago.

COLONEL HOUSE FORECASTS "REVOLUTION" IN UNITED STATES

NEW YORK, December 29.—Col. E. M. House, adviser to President Wilson and to President-elect Roosevelt, writing on the topic, "Does America Need a Dictator?" in this week's issue of Liberty magazine, warns that unless economic conditions change for the better, "we are almost certain to have trouble," and that, "while the revolutionary leader is not in sight at the moment, he might appear overnight."

After asserting that "the pillars of faith are shattered and there is but little left to uphold the temple in which our capitalistic civilization is sheltered," Colonel House continues:

"In such circumstances the thing to do is for our strong men—

I presume he has reference to the same great men whom the late lamented Calvin Coolidge referred to only a few days ago. I read that again:

"In such circumstances the thing to do is for our strong men, if there be any left, to get together, regardless of party and regardless of former financial jealousies and rivalries, and formulate plans which, in the very nature of the harmony proposed by such an aggregation of men, will insure confidence."

Mr. President, everybody is interested, everybody is trying to do something, except that body and those bodies which can.

Claude Bowers took notice of Colonel House's most important pronouncement. I now read for the RECORD what Mr. Bowers said about Colonel House's statement, as follows:

Colonel House has probably hit the nail on the head in his explanation of the indisposition to do the necessary thing. He has just written:

"With the discontent of to-day anything might happen, provided a leader was at hand and ready to push his fortunes to the limit. The surest way to bring about revolution is to go to the extreme of reaction."

Mr. President, we have gone to the lowest extreme this Nation has ever seen, and the distinguished junior Senator from Virginia [Mr. GLASS], the author of the pending bill, admits upon this floor this day that the extreme will be more severe next week than it is now.

Mr. GLASS. Mr. President, that was upon the hypothesis that the Senator will continue speaking until next week and prevent us from passing this bill, a measure which would relieve the situation.

Mr. THOMAS of Oklahoma. I am glad to have the Senator's suggestion. I know he believes that. But if I can make this record, and if I can get those who are doing me the honor to listen to become good and mad and say what they think, to cuss me out, if they please, and then get busy, my purpose will have been served.

I read further from Mr. Claude Bowers:

Vast numbers expect some radical change in our form of government. Colonel House explains the thought of the reactionaries when he says:

"There is to be found considerable sentiment favorable to a Mussolini sort of dictatorship in conservative circles in America." That we all know is true. Not so many realize what Colonel House realizes:

"However, he (the dictator) is more likely to be the type of Lenin."

Let me observe in passing, Mr. President, that while the people of the United States of November 8 last turned out one political party by a vote of 22,000,000 against that party and only 15,000,000 favorable to it, if the party with this great mandate fails to make good, the people, in my judgment, will not revert to that conservative party, at least so long as it has conservative management, and if we do not make good in two years, or in four years at the latest, the majority will be reversed against us. In favor of whom? Colonel House suggests the party of Lenin, perhaps.

Mr. President, I have seen Lenin in the Red Square of Moscow. His tomb is a wonderful structure. I went between lines of soldiers down into the earth and there came into a most elaborate room. In the center of that room, on a specially constructed bed, upon some sort of black cloth, lie the remains of the leader who destroyed the Romanoffs of Russia. Over Lenin to-day, where he can be seen by the public, is a glass case. The public can go down into this wonderful room, walk around that encasement, and look upon the features of that strong—I will say wonderful—man, because a man who can change the government of the largest territorial area in the world, of 150,000,000 people, must be given some credit for having, if not judgment, at least power.

After suggesting that the new leader may be of the type of Lenin, Claude Bowers says:

And that is something for the conservatives to think about.

I wonder when they are going to start to think. Mr. Bowers said further:

For when 30,000,000 farmers are utterly ruined, when hundreds of thousands of miners are ruined, when 11,000,000 jobless men with their dependents, making at least thirty to forty millions, are in distress and driven to desperation, it will not be so easy to set up a capitalistic dictatorship to preserve the old system which has brought a staggering calamity on mankind through its greed and shortsightedness.

Mr. Bowers refers to the powers which control this Government. I say it is the financial power. Mr. Bowers does not go that far. He says that the powers, wherever they be and whatever they may be, alone are responsible for the

plight of the unemployed, for the plight of the farmer, for the plight of the small merchant, for the plight of 11,000 banks, and others to-day in distress.

I read further from Mr. Bowers:

If we are to justify our institutions and our system to the great mass of the people who become very impolite and ungentlemanly and even dangerous when prodded too long with the prong of human misery, our leaders, if we have any—

I reread what Mr. Bowers said:

Our leaders, if we have any, must reconcile themselves to some radical reforms in the interest of human rights.

Mr. President, I am not going to burden the RECORD with too many of these revolutionary stories. Everybody knows about them except the Senate, apparently. I must include a few, however, to justify the conclusions which I will draw and support the remedy which I will suggest at a later hour.

I now call attention to another news story from the great State of Virginia, the home of the distinguished author of the pending bill, who is setting up this proposed measure as a measure of relief for the distress which exists throughout the country. I read in large headlines the following:

ANDERSON SAYS REVOLT LOOMS

RICHMOND, VA., December 18.—A prompt "inflation of the currency," to restore commodity prices, incomes, and employment, and to forestall a potential "revolution" in this country, was proposed in an address here yesterday at the University of Richmond by Col. Henry W. Anderson.

Mr. President, who is Colonel Anderson? The story tells. I read:

Who was a member of President Hoover's "Wickersham commission."

He must have some standing. I am not making these statements. I am simply the means of getting these statements incorporated in the RECORD, so that if in the future something does happen, my record at least will be made.

Mr. WHEELER. Mr. President, I did not catch the statement which Anderson made.

Mr. THOMAS of Oklahoma. I read it again for the benefit of the Senator from Montana:

A prompt "inflation of the currency," to restore commodity prices, incomes, and employment, and to forestall a potential "revolution" in this country, was proposed in an address here yesterday at the University of Richmond by Col. Henry W. Anderson, who was a member of President Hoover's "Wickersham commission."

Mr. WHEELER. The reason why I asked was that I could not understand that that was taking place in Virginia.

Mr. THOMAS of Oklahoma. Mr. President, Virginia is no exception. It may be an exception in representation upon this floor, but out yonder across the Potomac the land is no exception, the population is no exception. What is happening in the far West and Middle West and in the North and South is likewise happening among the old plantations of Virginia.

Let me quote from New York. New York has heard about the distress which exists among the people. A financial writer in one of the financial papers, who writes over a signature of initials "J. A. L." appearing on the back page of the New York Investment News each day, closed a recent article as follows:

INFLATION VERSUS DEFLATION

Business, like the stock market, can not go on indefinitely in a groove. Sooner or later there is a breakout. And if the breakout is too long in coming, human impatience will do something about it.

Current cure-alls and panaceas are stray indications of impatience. By a patent medicine it is hoped to bring about the "good old days." Certainly we can not go on in the present industrial temper indefinitely with some 10,000,000 unemployed and another five million and odd workers only partially employed.

Then I invite attention to another New York article by United Press under New York date line. I read the headlines only:

Violent revolution is not impossible here, report claims.

Mr. President, this report did not come from a bunch of Reds. It did not come from a bunch of unemployed. It did not come from a bunch of farmers who are having their

farms and homes foreclosed. Here is where this article came from:

President's committee on social trends urges action to prevent serious outbreaks.

Believing I have completed the record sufficiently for my purpose on that particular point, I pass to another.

Mr. President, who is responsible for these conditions? I am going to quote what I conceive to be one of the best authorities in America. While I am glad to make my remarks with the distinguished senior Senator from Ohio [Mr. Fess] in the chair, yet I regret that I am to quote what I have before me in the absence of the Vice President, who is so soon to leave this Chamber. This likewise is an Associated Press dispatch. The heading is as follows:

Curtis lays the slump to reserve system.

I am sorry the Senator from Virginia is not present. He denies that the Federal reserve system is in any way involved or responsible for this slump, but the great Vice President, who served for many years in the House and later served for many years in this body and for the past four years has presided with such fairness and impartiality as to win the respect of every Member of this body, had this to say. This is under an Associated Press date line, being a report of a speech made in the State of my birth, Indiana, delivered at Crown Point on March 19. Here is what Mr. Curtis said:

The speaker deviated from his prepared speech to criticize the Federal reserve system and its policy.

HITS WALL STREET GAMBLING

"The system never has fulfilled its intended purpose," he said. "We need a Federal reserve system under which money will remain in the outlying districts of the country instead of being sent to Wall Street for gambling and speculation."

That is the objection I have to the bill. As I understand the bill its effect is the beginning of a march, and the march leads to two points: First, the total destruction and annihilation of State banks in the States. That is not included in the bill. That is my conclusion. My conclusion is based on testimony, the best in America, so conceded by the financial world.

Mr. GLASS. The Senator from Louisiana? [Laughter.]

Mr. THOMAS of Oklahoma. Certainly not the Senator from Virginia.

Mr. GLASS. No; I am sure not.

Mr. THOMAS of Oklahoma. Since the Senator from Virginia has made the curt interposition in my remarks, let me say to him that my conclusions are drawn from the testimony and the admissions of the biggest bankers in New York City.

Mr. GLASS. If the Senator will permit me, I am utterly astonished and distressed to know that the Senator from Oklahoma would quote a New York banker in substantiation of any theory he might entertain.

Mr. THOMAS of Oklahoma. I do not quote them in substantiation of my theory. I am quoting them indirectly to substantiate my conclusion that the bankers' bill which the Senator from Virginia is sponsoring leads to the destruction of the State banks in this Republic. When that is done and branch banking authorized—and it will not be done to-day or to-morrow, but we are on the march—it will destroy State banks. If the Senator doubts my conclusion, I invite him to have a confidential discussion and interview with the head of the Federal reserve system of this Nation. Does the Senator want more specific information?

Mr. GLASS. Oh, I want to be convinced.

Mr. THOMAS of Oklahoma. One can convince some people, but some people, even if they could be convinced, refuse to be convinced.

I was quoting from the Vice President. I said earlier in the discussion that what we need, in my judgment, is not the Glass banking bill but a new Federal Reserve Board. In that opinion I am glad to quote and call to my rescue the testimony of the distinguished Vice President, who at this moment presides over this body. If the Associated Press is to be relied upon, and I always rely upon it, the dis-

tinguished Vice President, at Crown Point, Ind., on March 19, said:

Members of the Federal Reserve Board should be changed or the board's policy altered.

That is what I said. That is what I say now. It is only a question of time until it will be done, and those in responsible positions will find that the longer they delay the matter the longer the downward trend will continue, and the depths are not yet in sight.

Again Claude Bowers said, under a black headline:

Government can not deny responsibility.

Is the Government responsible for these conditions? I have been educated to believe that Europe is the cause of our distress, that the world outside of these United States is the cause of the distress of the people of America. Claude Bowers says that the "Government can not deny responsibility." What is the Government? The President can not make policies. He can execute them. The courts can make policies only in part. They can interpret our acts. Only the Congress of the United States can make policies or alter policies. When Mr. Bowers makes the statement that the "Government can not deny responsibility" he says that the Congress of the United States can not deny responsibility. I read:

The National Government can not afford to assume that it has no responsibility under these trying circumstances.

That is what I am trying to say.

Now, let me quote a line or two from an editorial appearing in the Washington Post of Saturday, December 24, 1932. I am trying in some way to connect the Congress and the Senate with responsibility at least to try to do something. We have made no investigation of the cause. So far as I know, there is no plan proposed for relief. Cutting salaries will not help. Eliminating bureaus and boards will help a little. Raising taxes on the big income-tax payers gets us no money because they have no incomes now. Raising the rates on corporations will get the Government no increased revenue, because the corporations likewise have no income. A few days ago it was proposed to modify the taxing laws to lower the brackets so that those who yet have some slight income in the way of salary shall suffer a substantial increase in their income taxes.

The Washington Post said on December 24:

When Congress allows conditions to drift from bad to worse, business can not go ahead.

At least one paper in this Republic feels that Congress might have something to do with it.

Yet only a few on Capitol Hill hear the rumblings of discontent in the distance.

I not only drew my own conclusion but I quoted perhaps the most responsible spokesman for the outgoing administration. Now I quote a statement from New York, just the headline:

Business is awaiting action by Congress.

Some one else thinks Congress might do something about it.

Then on January 12, 1932—that is not very long ago. I am still not quoting ancient history. I am not very much concerned with ancient history. It is pleasant to read and nice to know ancient history. Ancient history can do little more than furnish a light to guide those who live now. By knowing ancient history perhaps we can pass and miss some of the pitfalls into which some of our forefathers fell, but I do not spend my time much with ancient history. There is too much current history; there is too much modern history; there is too much pleasant history; and too much future history to invite my attention, and so I do not spend much time with ancient history.

On January 12—just yesterday—the Washington Post said editorially, under a heavy headline:

Relief of debtors.

I read:

Much may be read between the lines of President Hoover's message to Congress recommending immediate revision of the bank-

rupture laws. Taken in connection with the rapidly increasing foreclosures on mortgages and the sale of farms for taxes, and having in mind the maturing obligations of great railroad systems which are unable to obtain relief, it is evident that a desperate situation has developed as a result of the prolonged depression.

Then, Mr. President, I want to exhibit to the Senate a cartoon appearing in the Washington Times, I think, of yesterday. It shows sitting on the top of the dome of the Capitol a large bird which seems to have been crippled. It has under its wing a crutch. It has built its nest on the top of the dome of this building. The voters are standing around the base of the Capitol looking up at this large bird. The bird is labeled "Lame-duck Congress." Underneath this cartoon I read:

Hatch or get off the nest.

That is what I am trying to get the Congress to do. Before it can hatch, it must first sit. We have not as yet even got the eggs. We have been in session for six weeks; there are only seven weeks left, and, with this late start, I am afraid we shall not have time to do much.

Mr. President, as I said in the beginning of my remarks, for the first two years the Congress refused to admit there was a depression. Then the third year was given over to relief measures, and the last long session of Congress, which met last December a year ago and adjourned late in the summer, passed many bills having for their purpose relief for the existing distress.

The main bill which passed Congress was the Reconstruction Finance Corporation act. That bill was passed at the behest and at the request of the same powers that I mentioned a moment ago as being in control of this Republic; and I mean by that the owners of the big banks, the owners of the large life-insurance companies, the owners of the great railroads, and of the other gigantic corporations of the country too numerous to mention.

When those owners of the largest business concerns in America, even some of them monopolies, became financially involved, money was so scarce they could not get it from private sources and they were forced to come to the United States Government and ask the Congress to create a gigantic supernatural bank to loan them money.

As I said last night, the Congress was kept in session until night had fallen and the bill was hurried through. They got their money; and under that act, Mr. President, \$2,000,000,000 have been loaned; almost \$1,000,000,000 to 5,000 banks; something like \$200,000,000, if I remember correctly, were loaned to railroads; \$300,000,000 to the States of this Nation. Two billion dollars has been placed in circulation, credit money, deposit money, not a penny of real money. Now, after one year's time has passed, the country is in worse condition than when we passed the Reconstruction Finance Corporation bill. I will admit that measure has done some good; it has been a sort of drug store to these institutions. It has enabled them to get their anæsthetic and to get their chloroform and to get their deadening effect to tide them over. That is true; but have those loans helped the railroads of the Nation? I read from a signed article by Lawrence Sullivan. This article is under the headline, as follows:

Roads—

Meaning the railroads—

need greater now than year ago, I. C. C.—

The Interstate Commerce Commission—

told. Willard and other officials disclose plight of carriers at hearing on request for continuance of freight surcharges indefinitely.

Here is what Mr. Sullivan says:

Presenting a complete picture of railroad finances after three years of steadily declining carloadings, spokesman for the principal carriers yesterday made an urgent appeal before the Interstate Commerce Commission for indefinite extension of the emergency freight surcharges authorized a year ago.

Reading further:

"Whatever the needs were a year ago, they are very much greater to-day," said Daniel Willard.

They have had all the money they need; perhaps two or three hundred million dollars have been loaned to the railroads, and yet to-day the railroads of the United States are worse off than they were a year ago. Those railroads can not be in any better condition until something is done to get them more freight, more tonnage, and more passengers; and so long as the people have no money with which to buy, the railroads can not get any more freight, they can not have any more tonnage, passengers can not travel.

It is clearly understood why the railroads are in such bad condition. In the last 10 years our money has constantly been getting scarcer and scarcer and scarcer—and the scarcer it gets the higher it goes in value, and the higher money goes in value the cheaper become commodity prices. Within 10 years the commodity values behind the bank deposits have disappeared, causing 11,000 banks to fail. In those years the Reconstruction Finance Corporation has loaned about \$800,000,000 of the people's credit, the credit of Members upon this floor. I make that statement advisedly, for there is not a Senator present who has property but what he himself has had a mortgage placed upon his property to raise credit to be loaned to the banks and the railroads of the Nation. Some one may ask how that can be true? Well, Mr. President, if these loans are not paid by the railroads and the banks, somebody must pay them, and, to the extent there is a loss, that loss must be made good by taxes, and those taxes must fall eventually upon the property of America.

I said a moment ago that the Reconstruction Finance Corporation has loaned something like \$800,000,000 to 5,000 banks. That is, one-fourth of the banks of the United States have been forced to borrow, and of the 5,000 banks that have secured loans from the Reconstruction Finance Corporation, 10 per cent, or 500 of them, have already failed. Even the loans extended to 10 per cent of the banks that borrowed were not sufficient to keep those banks alive.

Mr. LONG. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. LONG. Has the Senator heard any denial on the floor this afternoon of the statement of President-elect Roosevelt that he is against branch banking? Has that been denied this evening?

Mr. THOMAS of Oklahoma. It has not been denied.

Mr. LONG. Mr. President, I wish to ask the Senator another question.

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield for a further question?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. LONG. Does the Senator consider it a mark of good faith, in view of the platform pledge given by our President elect on the Democratic ticket that he was against branch banking, for this side of the Chamber to undertake to choke down the throats of the people branch-banking legislation in the closing days of a lame-duck session of Congress at a time when there is legislation proposed here to give actual relief to the people and their families who are starving, to wit, the La Follette-Costigan bill?

Mr. THOMAS of Oklahoma. Mr. President, the question suggests its own answer.

I wish now to place in the RECORD some information which I think is vital, though, perhaps, others do not so think. I make the statement that we now have in these United States 10 separate and distinct Federal agencies loaning Federal funds to the people of the United States who have security.

There is no agency loaning any kind of funds, of course, to those who have not security.

Mr. LONG. Mr. President, I should like to ask the Senator another question, if he will permit me.

The VICE PRESIDENT. Does the Senator from Oklahoma yield for that purpose?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. If the poor are to receive relief, how can they secure it when the Federal agencies loan only to those who have adequate security?

Mr. THOMAS of Oklahoma. That is what I am complaining of, Mr. President.

Those 10 Federal loaning agencies are as follows:

First. The Federal reserve bank system. One has to have security to get money from the Federal reserve bank system.

Second. The Federal land-bank system. One must have security to get any relief from the Federal land-bank system.

Third. The Federal home-loan bank system. Again, one must have security to secure relief under that act.

Fourth. The joint land-bank system. Of course, one has to have security to obtain money from that institution.

Fifth. The intermediate credit banks. What I said about the first ones applies to all the others; only those who have security may borrow from these institutions.

Sixth. The regional agricultural credit corporation.

Seventh. The Federal Farm Board. The Federal Farm Board was not organized to be a loaning institution, but it is. It is loaning what it has left of its \$500,000,000 capital stock to the several cooperatives throughout the United States. So the Federal Farm Board is a Federal agency loaning Federal funds to those who have security.

Eighth. The Shipping Board, which is loaning Federal funds to the shipping industry.

Ninth. The Department of Agriculture, which has a branch or bureau that is loaning Federal funds to farmers of the country, but only to such farmers as have farms. Tenant farmers can get no relief without they give a chattel mortgage, and the owner of the farm consents to the mortgage. So, after all it is a class of security.

There are nine, Mr. President. Then we have the supernatural bank, the Reconstruction Finance Corporation, which was created to loan to the other nine agencies, and it is now doing it.

So we have 10 Federal agencies, nine of which are loaning Federal funds to people who have security, and the tenth, a supernatural loaning agency, loaning to the nine I have just enumerated. That is the program of this Congress in the closing days of the last session which must automatically adjourn on March 4. What relief have we here? What proposal for relief have we before us? We have this banking bill proposing branch banking to which every bank in my State is opposed.

Mr. GLASS. Mr. President—

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Virginia?

Mr. THOMAS of Oklahoma. I do.

Mr. GLASS. Do I understand that the Senator will propose an amendment to this bill requiring these Federal agencies to loan the taxpayers' money without security?

Mr. THOMAS of Oklahoma. I made no such statement, Mr. President. I just asked a question: "What proposal do we have pending before the Congress for the relief of the people?"

Just a few days ago we received a message. It came from the President. The President recommended that we make it easy for corporations to go through bankruptcy. That is the latest suggestion. Last year we created these agencies, gave them millions and billions of dollars to loan, to become involved; and this year 12 months have come and gone and the only plan now is to enable these folks who have borrowed to go through bankruptcy and get out easily.

But, Mr. President, under the law, before the individual can go into bankruptcy he must have a little money. He must have at least enough to cover a deposit on court costs. Those who are being forced into bankruptcy at the present time, some of our debtor class, have not the money to carry them through voluntary bankruptcy and they can not go through that course. Then others on the creditor side who have the debts owed to them have not the money to make the deposit, first; second, the property involved perhaps is not worth going into court to recover; and now the only policy of this dying administration for the relief of the

people of America is to make it easy for them to go through bankruptcy.

We have some bureaus of the Government that have other plans. I desire to call the attention of the Senate to the plan of the Department of Agriculture. I read another Associated Press news story. Here is how the Department of Agriculture proposes to help the people of America, especially the farming class of our people. The headline is as follows:

Farmers advised to cut expenses.

The Agricultural Department tells the farmers, "The way to be saved, the way to be relieved, is to cut your expenses."

United States urges retrenchment in year-end survey of situation.

I read a portion of this news story:

"Reports from every section," the department said—

That is the Agricultural Department—

"detail the live-at-home programs, the economies, the trend back toward a subsistence type of farming."

Mr. President, I can not agree to that as a relief measure. The Agricultural Department tells the farmers of America that the plan for them to follow to get out of their trouble is to stay at home, raise their own chickens, raise their own cows, raise their own pigs, spend nothing, go into isolation. But, Mr. President, suppose they do. Suppose they stay at home and work from morning until night and raise a fine supply of chickens, cows, and hogs, and fine crops of wheat and corn and cotton, and when the season's end has come they sell their produce. They can not get enough for that produce to-day to pay their taxes, and they can not live on the farm and keep the farm. The only farmer to-day who can live and sleep is the tenant farmer. Does any one challenge that statement?

Now, Mr. President, I come to the Federal Reserve Board—this board that is criticized by the distinguished Vice President, and I share his criticism. I criticize the board myself. Let me give their plan of relief for the people of America. It is not the plan of the board; it is the plan of one member of the board. This is likewise an Associated Press story. The story is under a heading as follows:

Commodities urged as debt payments. Reserve Board member believes raw materials should be used to settle obligations.

Here, Mr. President, in the headings we have a suggestion from the Federal Reserve Board itself that the way for the people to become prosperous is to commence trading among themselves—to trade their pigs for coats, to trade their wheat for gasoline, to trade their chickens for sugar, perhaps—when the Federal Reserve Board itself has \$9,000,000,000 of actual money under its custody and control, or it can secure that much money, and then permits only five and a half billion to be in circulation!

I read from the article:

Payment of debts with commodities, as a means for immediate and concrete relief to agriculture, is advocated by George R. James, member of the Federal Reserve Board, in a signed article appearing in the January issue of National Sphere.

Mr. President, I can not join in such a conclusion.

I call the attention of the Senate to another story appearing in a magazine called Liberty of date December 24, 1932. This story is under the heading—

Back to the land an imperative necessity.

Mr. President, if my interpretation is correct, if my information is well founded, our people can not live upon the land, because they can not raise enough to sell to get enough money to pay the taxes. They might live for a year or two if they had some surplus; but just so surely as they stay on the farm under present policies the time will come, depending upon their surplus as to how long they will be allowed to stay there, that they will be evicted either for nonpayment of their taxes or, if the land is mortgaged, for nonpayment of the mortgage itself.

I have here another publication from a rather distinguished economist. His name is Irving Fisher. I know the

distinguished Senator from Virginia [Mr. GLASS] would not believe anything Mr. Fisher might say on the money question—I do not believe he would—but, nevertheless, others read what Mr. Fisher says. The great papers of the country pay much money to print what he says. Notwithstanding some economists do not agree with him, many do. Here is what Mr. Fisher says. It is under a black heading, as follows:

What can Congress do?

Why, Mr. President, is it possible that Congress can do anything to help the country? Everybody save Congressmen and Senators seems to think that Congress might help some if they would do it.

Reading further:

Will the lame-duck Congress be able to lead the way out of the depression—or will it merely mark time?

Mr. President, I fear that Mr. Fisher's apprehension that the lame-duck Congress will merely mark time will come true.

Mr. President, the Department of Agriculture is going to help the country and help the people by having the farmers go home and stay there, go barefooted, wear overalls, and eat what they can not sell, hoping thereby that they can live. Mr. James, of the Federal Reserve Board, suggests that the only way for the people to get along and become prosperous is to begin swapping commodities; to pay their debts in commodities; to take some eggs down to the movie, if they go to the movie, and pay their admission; to take some butter and eggs into the grocery and buy their sugar, coffee, spices, and other things they have to have; trade; barter. Now, I want to call attention to what some eminent economists say is the way out.

I call attention first to a news article appearing in a New York financial publication which reads as follows:

The only possibility of safe and effective handling of the debts is through the normal process of orderly liquidation on the basis of their individual merits. An unusually large proportion of existing debts must be taken care of by making adjustments, and creditors are urged to consent to such an action where justified.

That economist suggests that the only way out is for those who hold mortgages on property to go around and see the borrowers, the debtors, adjust the debts with them, scale down these mortgages. Why, Mr. President, if the farmer had no mortgage whatever on his farm he could not live under present conditions, because he can not sell his good crop for enough to pay the taxes; and then, if he could, he would have nothing left upon which to live. Getting rid of a mortgage debt will not solve the problem.

Then here are the views of Mr. Ayres. Mr. Ayres is a colonel. Mr. Ayres is regarded as an eminent economist. He lives in Cleveland, Ohio. He tells the country in an article just what to expect next year; and let me say to the distinguished junior Senator from Virginia that Colonel Ayres justifies his statement a while ago that times next week, this year coming, will be worse than last week and last year past.

Those who have any regard for the judgment of Mr. Ayres might be interested. Hence I read one or two paragraphs from that story, subheaded as follows:

Decline in exports expected.

I am reading quotations from Col. Leonard P. Ayres, economist and vice president of the Cleveland Trust Co.

For example—

He says—

It seems likely that the value of our exports will be less in 1933 than in 1932.

Is that encouraging?

It seems probable that industrial wage rates will be lower at the end of 1933 than at the close of 1932.

Again the Senator from Virginia spoke with good basis for his statement.

The trend of the cost of living in 1933 is likely to be a declining one.

What does that mean? The cost of living is going down. What does that mean? It means that the people can buy for less the things that they must eat. Potatoes will be cheaper, cabbage will be cheaper, wheat will be cheaper, meat will be cheaper. The things that people must have upon which to live will be cheaper this year than they were last year; but what effect will that have upon the producers of those commodities?

Everyone now agrees that there is no chance for a return of prosperity until these commodity prices have reached the bottom and have begun to ascend. Colonel Ayres says that the prospects for the coming year are for a further declining trend of commodity prices.

The number of commercial failures will probably be greater next year than this year.

Mr. President, is that reassuring—that we will have more bankruptcies in 1933 than we had in 1932? This great economist of Cleveland states so. If money is taken from circulation, or if money is kept out of circulation, what Colonel Ayres states will be absolutely, inevitably true. The only way the trend can be changed is to reverse the process of deflation and commence the process of inflation; and by "inflation" I mean expansion of the currency.

Further, Colonel Ayres says:

Dividend payments and interest rates on commercial paper will probably be lower in 1933 than in 1932.

There is not much hope in that, Mr. President.

Now let me quote from a great publicist, one whose writings are read not only in his native country of Great Britain but very largely read in the United States. I do not know how he rates as an economist, but as a historian I rate him very high. His name is H. G. Wells. I want to read a few paragraphs from a recent article by Mr. Wells.

I am glad to know that the suggestion made by Mr. Wells is a support of the proposal which I shall offer at a later hour or on a later day. I quote Mr. Wells:

The history of the decline and fall of the Roman Empire could be rewritten indeed as the history of a struggle with debt. The good fortune of our civilization in happening upon an unpremeditated releasing inflation has hitherto kept our minds off the debt problem.

We have now to face it.

The world deflates.

That means the world takes money out of circulation.

The deflation is proceeding with terrifying swiftness. The payment of debts is daily becoming more difficult and reluctant.

We—humanity at large—are paying our debts to insufficiently consuming creditors or to hoarding creditors. The world is full of unconsumed goods; it is in a phase of congested wealth.

But this is only a temporary phase, a carry-over from the last period of vigor. Under existing conditions no one will go on making or growing things at a loss. The accumulated stores will pass sluggishly into consumption or they will rot.

There may then be a resumption of trade, but upon a shrunken scale. The next state of mankind as a whole will be insufficiency and famine in a generally impoverished world. Plainly the first thing to do now is to restore the circulation—to inflate, as we have here defined the word. That must be the "first aid" method.

So said Mr. H. G. Wells, world-famous writer.

Mr. President, the bankers do not like to hear that sort of thing. I call the attention of the Senate to an Associated Press item of January 5, eight days ago, as follows:

NEW YORK, January 5.—Inflation is once more the topic of the moment in Wall Street, following proposals in Washington legislative quarters to cheapen the purchasing power of the dollar.

For the most part, Wall Street doesn't like the word, although most bankers readily acknowledge a conservatively lower value of the dollar, and consequent higher prices of commodities, would be highly desirable.

Mr. President, bankers in New York are coming to that conclusion. Yet apparently very few upon the floor of the Senate are willing to make such a decision. I read further:

Inflation is variously defined, but when it works it is accompanied by rising prices of stocks and commodities.

That is what I contend; the more money there is placed in circulation the higher the prices. The more money there is taken out of circulation the lower the prices. There is not an economist in the world who will deny the truthfulness of that statement:

Technically, it may be defined as an increase in the circulating medium beyond the current requirements of trade. This means a lower value per unit of currency and consequent higher prices for what it will buy.

Exactly so. Now, I desire to call the attention of the Senate to some conclusions reached by another economist of not only nation-wide but of world-wide renown. I call this economist, through his typewritten statement, to the support of the proposition which I will present at the proper time. The economist to whom I refer is Dr. G. F. Warren, and another one to whom I shall refer is Dr. F. A. Pearson. As I understand, they are on the faculty of Cornell University; at least, Doctor Warren is. I am not sure about their exact status.

This statement is of date May 12, 1932. It is a little older than the ones I have been reading, but it is comparatively late.

I will say for the RECORD that this statement was presented and discussed before the Committee on Banking and Currency of the Senate in connection with the hearings on the Goldsborough bill, which took place last spring. Doctor Warren said, on page 6:

The credit structure is primarily based on commodity prices.

A little later he said:

A drop in the price level undermines the credit structure.

Mr. President, Doctor Warren and Doctor Pearson have made an estimate of the total debts owed by the people of the United States. There are 125,000,000 people in the United States. Most of those people owe something; at least they owe their part of the national debt. They owe their portion of the State debt, if their States have debts. They owe their part of the city debt, if they reside in cities and the cities have debts. If they live in the country, perhaps they have farm mortgages. So these gentlemen have made a composite estimate of the total volume of money all the people put together owe. Their estimate as of 1929 was that the debts amounted to \$203,000,000,000. These eminent economists stated that in 1929 all the people, all together, owed a total sum of \$203,000,000,000.

At that time these eminent economists estimated that the total national wealth of the United States at that time was \$362,000,000,000. In order to be conservative, and at the same time liberal, I am going to reduce those figures to even numbers and state that their estimates were that in 1929, when the depression struck, all the people owed \$200,000,000,000 and that all our wealth amounted to \$400,000,000,000.

It is well known that since 1929, when the depression struck, the dollar has gone up in buying power.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. As I understand from the Senator, at the time the depression came on in this country there were \$200,000,000,000 of credits.

Mr. THOMAS of Oklahoma. Two hundred billion dollars of debts the people owed.

Mr. LONG. Well, if there were debts, there were credits; it was merely one side of the ledger against the other. As I understand it, that was in contrast to \$360,000,000,000 to \$400,000,000,000 of property. I wish to ask the Senator whether, in his opinion, there is any way in the world for the people to wade out of their distress unless either they observe the sabbatical year, or inflate the currency.

Mr. THOMAS of Oklahoma. Mr. President, for some reason I do not catch the force of that question.

Mr. LONG. The point I make is this. As I have gathered from the Senator's remarkable address made here to-day, for which I think every man in the Senate is very grateful, he has shown that there are \$200,000,000,000 of debts, which must be paid out of less than \$400,000,000,000 of assets. I ask the Senator whether, in his opinion, he thinks it possible to relieve the country of this distressful condition unless there is a freedom of the currency, through expansion, or a remonetization of silver, or through the operation of the old sabbatical year.

In order that the Senator may understand what I am talking about in regard to the sabbatical year, I will state this, so that the Senator may answer the question. In the law of Moses it was stipulated that every seventh year was a sabbatical year; that is, that debts were remitted every seventh year. We have undertaken to get away from that; that is, we have undertaken to avoid remitting debts during the seventh year. I want to ask the Senator this question—and I ask him because the Senator is one of the leading economists not only in this body but in this country: Is it possible for this condition of indebtedness and distress to be relieved, with \$200,000,000,000 of debts and \$400,000,000,000 of assets, unless there is either an expansion of the currency or a remonetization of silver or the rule of the sabbatical year of releasing debts? Is it possible, under the present currency system, for the people of this country to come out from under this debt strangulation, under which all the people of the United States are now suffering?

Mr. THOMAS of Oklahoma. Mr. President, when I shall have completed my remarks upon the debt question, the Senator's question will have been answered. Let me interpose, however, that I am not depending upon the Roman law or the sabbatical year to get us out of this difficulty.

Mr. President, I stated that in 1929 the people all together owed \$200,000,000,000 and that they had only \$400,000,000,000 of property. Since 1929 the buying power of the dollar has gone up. In 1929 the dollar would not buy 1 bushel of wheat. To-day the dollar buys 4 bushels of wheat in Oklahoma. In 1929 the dollar would buy 5 pounds of cotton. To-day the dollar in Oklahoma buys 20 pounds of cotton. The same thing is true as to hogs. They are the lowest in price they have been in years. Wheat is the lowest it has been in recorded history for 400 years. The buying power of the dollar has gone up, and the debts are expressed in dollars. So, when the dollar goes up, the buying power of the debt goes up. The debts have been doubled. So, when the people go to pay their debts, they find that they must have values doubled in order to liquidate the debts. Therefore to-day, instead of the people owing two hundred billions of value, before they can release themselves from their mortgages, they must raise value in the sum of \$400,000,000,000.

Then, as the dollar goes up, real estate and other property values go down. While debts and the dollar have gone up 100 per cent, real property, and property of all kinds, has fallen 100 per cent. So to-day, while we own four hundred billions in value, the value of our property, as measured in buying power, has fallen, and we have \$200,000,000,000 of assets with which to liquidate \$400,000,000,000 of value of our indebtedness.

Mr. President, that can not be done. The unemployed are not the only ones in distress. The farmers are not the only ones in distress. The little merchants are not the only ones in distress. The failed banks, 11,000 of them, are not the only ones in distress. The larger banks are in distress. Cities and States are in distress. The greatest of all in distress is the United States Government.

Let me show one further thing, since this question has been raised. The people owe \$200,000,000,000 of debt. They must pay interest on that debt. Most of it is interest-bearing debt. The \$200,000,000,000 of debt at an average rate of interest, say 5 per cent, forces the people to raise \$10,000,000,000 each year to pay the interest on the debt provided it is an interest-bearing debt. That is fixed. They must raise the \$10,000,000,000 to pay the interest among themselves. It is just as bad for them to have to pay a neighbor the interest as to pay a foreign nation. It is harder to get the money than it was before. It takes twice as much money as it did before. In effect, to pay the interest on the \$200,000,000,000 of debt the people must raise \$20,000,000,000 in value to pay the interest on the debts they owe. That can not be done.

That is not all. We have taxes. We must finance the United States Government. That is not a part of the bonded debt. It takes something like \$5,000,000,000 to run the United States of America for 12 months. Then it takes

money to run the States, the counties, the cities and the districts, and it is estimated that it takes each 12 months the sum of \$14,000,000,000 in taxes to pay the expenses of operating the various forms of Government—National, State, county, and city—in the United States. Now since the dollar has gone up in value, in order for the people to pay taxes, they can not pay with \$14,000,000,000 of the old-time value dollars, but they must get 14,000,000,000 of the high-priced dollars with which to pay their taxes. Those dollars have gone up in buying power 100 per cent. So in value the people, to pay their taxes, must raise and procure and develop and dispose of something to the value of twice \$14,000,000,000, or \$28,000,000,000, to meet their tax obligations.

I am talking about values now. No one questions my figures. They are conservative. To pay our taxes takes \$28,000,000,000 of value. We find that the people to pay their interest and their taxes added together must raise value in the sum of \$48,000,000,000, and when they have paid their taxes and paid their interest they are not through. They have to live, and they are entitled to live. The \$48,000,000,000 of value and the income of the people this year is not that much.

Is the Nation bankrupt? Are the States bankrupt? Thirty-eight of the States are borrowing from the Government. Are the cities bankrupt? All that can be borrowing from the Federal Government, and yet the great minds of this country are unwilling to have placed in circulation money to make money more plentiful when, to the extent that it becomes more plentiful, commodity prices will rise, placing value in the things the people produce to sell to get the money to pay their interest and pay their taxes.

Mr. President, I am glad there are a few Democrats still left in the Senate at this moment. In my judgment, unless the members of my party give more attention to the paramount issue always before the country and before the people and the Congress—the money question—we will make no progress in the solution of the problem that we must solve. There is no other way to do it.

Let me recall to those on this side of the aisle a little history and a few figures. In 1912, after my party had been a minority party for generations seemingly, we came into power. In 1912 we had money in circulation in the sum of \$3,335,000,000. From 1912 until 1920 we had eight years of Democratic rule, a rule and a reign which in my humble judgment in after years will be known as the golden age of the American Republic.

In those eight years the Democrats of the United States saw to it that the circulation was increased from \$3,335,000,000 to \$6,500,000,000. In eight years the amount of money permitted and placed and forced in circulation was almost doubled. Was that inflation? It was expansion—more money placed in circulation. The faster money went into circulation, the higher rose commodity prices. Farm lands went up. City lands went up. Everything the people produced went up in value. In 1920 we had \$6,500,000,000 in circulation—the best times I ever saw. Every man had a job. In those days men did not have to look for work. If men did not want to work they had to hide or the job would find them.

And now, after 12 years of administration by another party, one-third of the money of the United States has been taken out and destroyed; and here we are. Is there any significance? I will show the Senate that there is before I conclude; and I want to conclude to-night. Here is the remedy suggested by Doctor Pearson:

A rise in commodity prices to the level that prevailed when public and private debts were incurred would quickly restore equities, stop bankruptcies, start the sale of commodities, and restore employment.

Are these economists wrong? They must be, in the estimation of a small but powerful clique to-day in control of the financial policies of America and the world. Again I read:

Commodity prices can be raised by increasing the amount of currency in circulation.

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Mr. President, is that true? Can we raise commodity prices by simply increasing the amount of money in circulation? Last week there was taken out of circulation \$80,000,000. As soon as the people found it out yesterday everything went down—wheat, corn, cotton, hogs, cattle, silver—everything went down in the nature of a commodity, and I say the real cause was the taking of \$80,000,000 from circulation by the Federal Reserve Board during the past seven days.

Mr. President, at this point I want to place in the RECORD, without having the same read, some conclusions reached by an eminent economist by the name of Reginald V. Hiscoe, of R. V. Hiscoe & Co. I will ask that his conclusions be inserted at this point in connection with my remarks because I concur in his conclusions, and to save time I ask to have them inserted rather than to take the time to have them read.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter is as follows:

MORE CURRENCY, OR CUTTING GOLD CONTENT OF DOLLAR, CALLED BEST WAY TO RECOVERY

By Reginald V. Hiscoe, of R. V. Hiscoe & Co.

In this short writing I am not going to devote time or space to the cause of the depression. Hindsight is better than foresight, and the causes are, therefore, apparent to most observers. What is really important to-day is what forces are prolonging the depression. Can they be overcome by remedies or must these forces go ahead until the bitter end before a recovery occurs?

To get a true picture of the situation one must consider the relationship between debts, currency, commodities, and labor. When these are in true balance, prosperity is possible; when these are out of balance, prosperity is impossible, and to-day these are out of balance; therefore the task at hand is either to bring about a proper balance by inflation or wait until a proper balance occurs by bankruptcies or reorganization.

FIRST NECESSARY STEP

It is first necessary to prove that debt, currency, commodities, and labor are out of balance in order to proceed intelligently, and this I will endeavor to illustrate. People are heard to say that things are getting readjusted because commodities and labor have come down.

My opinion is that we are getting more out of adjustment because debts have not come down and that debts mount in an inverse ratio to the decline in commodities, labor, earning power, salaries, and wages.

For example, a farmer has contracted a debt of \$5,000 when wheat is selling at \$1 a bushel, wheat drops to 50 cents a bushel; it is now necessary for him to sell 10,000 bushels of wheat to pay off his debt, while at \$1 a bushel he had to sell 5,000 bushels of wheat to pay off his debt; in other words, his debt has really doubled because the price of his wheat has been cut in half.

So it is with cities and municipalities, for these are simply a collection of individuals, and their wealth consists of real estate, commodities, stocks, bonds, and the earning power of their population, for upon these assets it levies for taxes. The wage earner, the business man who is in debt is in the same predicament, for his wages and earning power are down while his debts mount in an inverse ratio, and so it is with corporations and railroads.

COMMODITY PRICES

If one looks at a chart of commodity prices over a long period of years one is surprised to find that commodity prices, instead of being way down, are at what seems to be a normal level with the exception of the prices prevailing during or shortly after the Civil War, the Napoleonic wars, and the World War.

Now, if one looks at a chart of debts one will find that debts are so high, compared to other periods, that they seem fantastic, and if one takes into consideration that these debts were incurred with commodities at World War prices and therefore have increased in an inverse ratio to the decline in commodities, one is overwhelmed with their stupendity, and it is immediately seen they can not be liquidated unless commodities rise.

Now, another look at the long-time chart of commodity prices will show us that if the future is to follow the past commodity prices should continue at about their present levels until 1950. We are now beginning to get an understanding of our problem. We see that our present debts can not be paid off with the present prices of commodities, earning power, and labor and that these prices are likely to remain where they are for a period of about 20 years.

It is obvious that, unless a balance can be brought about by some means, bankruptcy or reorganization must result.

EXPLAINS WAYS OUT

This brings us back to the fact that there are two ways out, a cheapening of the dollar, or bankruptcy. I will now endeavor to explain these two ways. It is only after we know which of these two courses are going to be taken that we can determine, with

any accuracy, the trend in prices of commodities, stocks, and bonds.

The first way out that I am going to discuss is the cheapening of the dollar, or, in other words, a lowering of the gold content of the dollar. We have only a certain amount of gold, and our present dollar has a 40 per cent gold ratio behind it. Now, if more dollars or currency are issued against our gold reserve the value of the dollar declines, debts also decline, and the prices of commodities advance.

Let us say, for example, that we issue 25 per cent more dollars against our gold reserve. Our gold ratio then becomes 30 per cent. In theory, commodity prices then increase 25 per cent and debts are reduced 25 per cent. This begins to bring debts and commodities more into balance, and the wheels of factories should begin to gain in momentum as a result of a better balance; and more money in the hands of the population seems to be the most painless way out.

The second way out is through bankruptcy or voluntary reorganization, which will reduce debts and therefore bring about a balance between debts, commodities, and labor. This course will take longer and will be more painful, and will result in more losses to those who have the least left to lose, as the farmer will lose his farm, the stockholder and the junior bondholder will suffer still further, and the holder of Government obligations, who so far has not suffered but has really gained, because the same income buys more commodities, will escape unscathed.

At the present time it seems to the writer that this problem is not understood by the Government, for it is maintaining the dollar at its face value, so that the door to the first way out is closed, and at the same time is lending money to railroads to pay interest on their bonds, some of which are selling from 10 to 30 cents on the dollar, and in so doing it is simply stopping the cutting down of debts, which will only keep recovery that much farther away. It is lending money to various institutions and farm-loan banks and in this way is also postponing the inevitable reckoning.

SOME LIKELY RESULTS

The question now arises which of the two ways out is the best way. The writer believes that the issuance of more currency or the lowering of the gold content of the dollar is preferable, as he believes:

1. This would put more money in the hands of the unemployed and tend to start an industrial recovery while receiverships would result in more unemployment.
2. It would tend to let us compete more in world markets, for it would lower our costs.
3. It would make it easier for foreign countries to pay their debts to us as their currencies would then buy more dollars.
4. It would tend to raise the price of commodities.
5. It would make it easier for internal debts to be paid.
6. It would tend to increase the price of real estate, commodities, stocks, and junior bonds.
7. The Government needs money and this is the easiest and quickest way to get it.
8. It would, in effect, be a tax on Government bonds, tax-exempt securities, and other high-grade fixed interest-bearing securities which are the group which can best afford a tax.
9. It would tend to avert railroad receiverships as well as other receiverships.

The writer is fully aware that most economists would disapprove of this policy, as they would agree that once started it could not be stopped, and that the dollar would go the way of the German mark. He does not agree with this, as he believes that as the dangers are fully realized that discretion could be used.

Do these same economists believe that because the pound sterling has declined that it must necessarily go the way of the German mark, and do they realize that keeping our dollar at par tends to force foreign currencies lower?

Mr. THOMAS of Oklahoma. Mr. President, I would like to have some Democrats here. They are in the corridors, and I will ask the page boys to bring them into the Chamber. The balance of my remarks are to be addressed to them. I will give them a chance to listen. If they will not listen, I can not make them do so.

The PRESIDENT pro tempore. Is the Chair to understand the Senator to be suggesting the absence of a quorum?

Mr. LONG. Mr. President, I hope the Senator will withhold that for the moment.

Mr. THOMAS of Oklahoma. I would not inflict it upon Senators. I know they do not want to hear me speak. There are a number of Democrats here; but I think I would like to have more if they are available, because what I am about to say should be of special significance to the members of my party. It may not be, but I hope it is.

Mr. President, at the end of the Wilson administration money was plentiful. We had \$6,500,000,000 in circulation. Prices were high, labor was employed, and our people were prosperous and happy. In 1920 the financial powers condemned the Democratic Party for having too liberal credit and too much money in circulation and promised the people of America that if returned to power they would deflate

both currency and credit. I do not intend to reflect in the slightest on any member of the opposition party, and I recite it only from the record.

When the convention of the party in opposition to the one to which I belong met in 1920, that party charged that the high cost of living in existence at that time was due to the 50 per cent depreciation in the purchasing power of the dollar. I want to read that language from the Republic platform adopted in 1920:

The prime cause of the high cost of living has been first and foremost a 50 per cent depreciation of the purchasing power of the dollar due to the gross expansion of our currency and credit.

Did they know what they were doing in that Chicago convention? Some of the smartest men in the world are Republicans. They knew what they were saying. They knew what the cause was. They knew why prices were high. In that solemn declaration they condemned the Democratic Party for being responsible for the high cost of wheat, for the high cost of potatoes, for the high cost of cotton, for the high cost of farm lands, for the high cost of everything.

They said to the people of America, "Place us, the opposition party, in power; we will bring down the high cost of living; we will bring down the price of wheat; we will bring down the price of cotton; we will bring down the price of hogs; we will bring down the price of cattle; we will bring down the price of the commodities the people produce with which to pay their taxes, to pay their interest, and to live." They were frank; they told the country how they were going to do it. I read:

We pledge ourselves—

Said that great convention—

We pledge ourselves to earnest and consistent attack upon the high cost of living * * * by courageous and intelligent deflation of overexpanded credit and currency.

Mr. President, that is the soul of my speech, so far as relief is concerned. We had plenty of money in circulation; credits were easy; everybody had a job; prices were high; farmers were not complaining; and because of those conditions the opposition party condemned us. They said to the people of the country, "Place us in power and we will bring those prices down." And they told how they were going to do it. They were going to do it by taking money out of circulation and canceling it and having the banks curtail the credits of the people.

Does anyone challenge my statement? Mr. President, it can not be challenged, as I shall show in a moment.

The financial powers won the 1920 contests and immediately the policy of deflation of currency and credits was placed in execution. I am speaking from the record. On the 1st day of March, 1921, four days before my distinguished colleague the Senator from Virginia [Mr. GLASS], as I recall, left his position and office as Secretary of the Treasury, we had in circulation the sum of \$6,207,000,000. On the 4th of March the administration changed; Mr. Harding became President, and the moment the change of administration took place those who assumed control of the Government began to make good their promise by taking money out of circulation.

Of course, I will admit that the process started back on the 17th day of May, 1920, under the Democratic administration. The then Senator from Illinois, Mr. McCormick, introduced a resolution calling upon the Federal Reserve Board to advise the Congress and the country what plan they had to bring down the high cost of living.

The Senate adopted that resolution by unanimous consent. It went down to the Federal Reserve Board.

However, a peculiar coincidence might be stated in connection with that incident. The Federal Reserve Board has the power to call into conference advisers of the Federal reserve districts. The Federal Reserve Board has an advisory committee made up of one member residing in each Federal reserve district. So the Federal Reserve Board, knowing what it was doing to do, believing in what it was going to do, called in not only the governors of the several Federal reserve banks—12 of them—but also called in the advisory committee. That call was sent out on the 17th day

of May. They were to meet, as I remember, on the 18th day of May. It is significant that on the very day the call for this conference was sent forth by those who manage the Federal reserve system—and my distinguished friend knows all about it; I am not telling him anything new—Senator McCormick, of Illinois, introduced a resolution. It lay upon the table for a day or two. He then called it up. There was a little discussion, and the resolution was passed by unanimous consent. The board had its answer ready. What was the answer? I have the report here. The answer was they were going to contract the currency; that they were going to restrict credits. How were they going to do that? The Federal Reserve Board was going to serve notice on the 12 Federal reserve banks not, perhaps, to stop making loans to member banks, but to be more careful, which meant to stop making loans to the member National banks and member State banks. That is how they were going to do it.

Then the several Federal reserve banks—12 of them—following out the policy of the Federal Reserve Board, must have sent notices to their member banks, the several National banks and State banks of the system, for them to quit making loans. It went in the form of a suggestion, a hint, but it meant at that time a command. To a great extent the Federal reserve banks stopped making loans to the National and State banks of the system, and those banks in turn stopped in the main making loans to their depositors and served notice on their depositors, "Instead of getting more credit you had better come in and pay us what you owe." The depositors began to sell what they had in order to get money with which to liquidate their debts at the several banks. As fast as the banks collected from the borrowers they—the banks—would send that money to the Federal reserve banks in payment of their obligations, and when they did that a great deal of money went out of circulation.

I have the figures here to show how much money went out of circulation. On March 1, 1921, we had \$6,207,000,000 in circulation. By April 1, 30 days later, we only had \$6,093,000,000. During the first month \$114,000,000 of the people's currency—gold, silver, and paper, the kind of money that one can spend to buy a railroad ticket in a foreign land—had been withdrawn from the people and canceled.

On May 1, 1921, we had in circulation \$6,070,000,000. During that month the reduction was not so great. There was only the difference between \$70,000,000 and \$93,000,000, or \$23,000,000 taken out of circulation. I will ask at this point to have printed in the RECORD the figures showing the amount of money in circulation, as set forth by the Federal Reserve Board's reports for each of the 17 months after the new administration came into power, up to July 1, 1922.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

Currency in circulation
1921

Month:	
March 1	\$6,207,000,000
April 1	6,093,000,000
May 1	6,070,000,000
June 1	5,983,000,000
July 1	5,774,000,000
August 1	5,735,000,000
September 1	5,679,000,000
October 1	5,691,000,000
November 1	5,731,000,000
December 1	5,676,000,000
1922	
January 1	5,775,000,000
February 1	5,499,000,000
March 1	5,488,000,000
April 1	5,446,000,000
May 1	5,352,000,000
June 1 ¹	5,346,000,000
July 1	4,375,000,000

Mr. THOMAS of Oklahoma. The new administration acted as they had promised. The people did not understand what it meant, but those who wrote the Chicago platform understood it; the financiers understood it; the bank-

ing crowd that controls the financial policy of America understood it. In the first 17 months there was taken out of circulation and canceled more than eighteen hundred million dollars of currency, over \$100,000,000 a month.

As fast as the board took money out of circulation and canceled it, just that fast fell commodity prices, and as commodity prices went down the buying power of the dollar went up. That is, Mr. President, when the depression started. The depression did not start in November, 1929; it started in this Chamber on the 17th day of May, 1920, with the introduction of the McCormick resolution. The administration then in control reduced the circulation from six and a half billion dollars to \$4,375,000,000. In other words, they took out of circulation approximately \$2,200,000,000, or one-third of the money of America. Money measures value. When there is little money in circulation it has high buying power and measures large value. Reverse the process and the opposite is true.

Mr. President, since deflation was inaugurated one-third of our money has been withdrawn from circulation and canceled. Consequently, our credit has likewise contracted, and since 1920 over 11,000 banks have been forced to close. As money becomes scarcer its buying power increases, and as dollars went up prices came down. To-day's prices and present business and economic conditions are exactly what big-business policies and a subservient administration have made them.

Mr. President, what are the conditions to-day? Briefly, for the RECORD, let me summarize them. Twelve million are unemployed, which means that at least some 30,000,000 men, women, and children are without means of support. Eight million are reported to be in dire need of food and clothing. Thirty million farmers, because of low prices, have lost their buying power, and consequently are losing their farms and homes. Taxes, interest, and debts are unpaid. Notes, bonds, and mortgages are in default. Receiverships and bankruptcies are seen on every hand.

Because of the lack of buying power in the hands of the wage earners and farmers, who together form one-half of our population, merchants, wholesalers, factories, railroads, banks, and big business generally, all living off the producing masses, are threatened, and such as have acceptable security are borrowing from the Government. Because taxes are unpaid cities, counties, States, and even the Federal Government itself are borrowing to meet interest, fixed obligations, and overhead expenses.

Mr. President, the financial policies promulgated and adopted by the financial powers and executed and carried out by the Federal Reserve Board are directly responsible for the collapse of our economic system, and if not altered and changed will assuredly bring about the collapse of our Government.

I again admit that the Federal Reserve Board, under the Constitution, is the agent of the Congress of the United States, and all that I have said can be charged directly to the Congress of the United States, which is the only policy-making department of the Government.

Mr. President, from the conclusions I have just reached, there can be no possible escape. With labor unemployed, with farmers unable to secure cost of production, with business paralyzed, with individuals, corporations, railroads, banks, cities, counties, States, and the Federal Government itself borrowing money, neither the people nor the Government can long survive.

Such is the present status of America, once the richest, strongest, and most influential Nation on the earth.

The hope of the Nation or what hope is left rests upon the policy-making branch of this Government, the Congress of the United States.

Mr. President, if the time I have consumed and what I have said may have the result of causing the Congress to devote some time to the distress existing among 120,000,000 people, I shall have been amply repaid. At a later date I shall have something more to say as the bill is reached for amendment.

¹ Change in estimates.

Mr. GLASS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Virginia?

Mr. THOMAS of Oklahoma. I yield the floor.

Mr. GLASS. I had understood the Senator had yielded the floor, and I rose to move a recess.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House having proceeded, in pursuance of the Constitution, to reconsider the bill (H. R. 7233) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes, returned by the President of the United States with his objections to the House of Representatives, in which it originated, that the bill was passed, two-thirds of the House of Representatives agreeing to pass the same.

THE BANKING ACT

The Senate resumed consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

RECESS

Mr. GLASS. I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and (at 6 o'clock and 30 minutes p. m.) the Senate took a recess until to-morrow, Saturday, January 14, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

FRIDAY, JANUARY 13, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Again we are assembled, our Heavenly Father, and through Thy gracious providence the day is ours. We are seriously interested in the progress of the Republic. There are ambitions and purposes which can be formed nowhere else but at the altar of prayer. O hear us and prosper our work. Inspire us to act from the purest motives, obey the loftiest rule, and aspire to the supreme ends. Thou hast taught the world that strength and wisdom owe a debt to weakness and misfortune. Do Thou direct our ministry. Life is hard, conditions are unfair, and claims are often excessive. Enable us to drive away the winter of discontent, and lead us all to get to the bright side, to the sunny side, and the music side of life, and let the joy overflow everywhere. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate insists upon its amendments to the bill (H. R. 13975) entitled "An act making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes," requests a conference with the House thereon, and appoints Mr. HALE, Mr. SMOOT, Mr. KEYES, Mr. GLASS, and Mr. McKELLAR to be the conferees on the part of the Senate.

REORGANIZATION OF GOVERNMENT AGENCIES

Mr. O'CONNOR, from the Committee on Rules, reported the following resolution for printing under the rule:

House Resolution 350

Resolved, That upon the adoption of this resolution the House shall consider House Resolution 334, a resolution disapproving the several Executive orders grouping, coordinating, and consolidating certain executive and administrative agencies of the Government, as set forth in the message of the President to the Congress, dated December 9, 1932; that after two hours' debate, which shall be

confined to the resolution, and to be equally divided and controlled by the chairman and ranking minority member of the Committee on Expenditures in the Executive Departments, the previous question shall be considered as ordered on the resolution to its adoption or rejection without intervening motion except one motion to recommit.

CALVIN COOLIDGE—MEMORIAL TRIBUTE

The SPEAKER laid before the House the following communication, which was read:

BISHOP'S HOUSE,

WASHINGTON CATHEDRAL, MOUNT ST. ALBAN,

Washington, D. C., January 10, 1933.

MY DEAR MR. SPEAKER: A memorial service for the people of the Capital of the Nation in tribute to the Hon. Calvin Coolidge, thirtieth President of the United States, will be held in the great choir of Washington Cathedral on Mount St. Alban next Sunday afternoon, January 15, at 4 o'clock.

It gives me great pleasure to extend through you a cordial invitation to your colleagues in the House of Representatives to attend this service in commemoration of the life and notable public service of Mr. Coolidge.

The cathedral authorities will feel highly honored if you and Mrs. Garner can find it convenient to be present.

With cordial expressions of esteem, I am, faithfully yours,
JAMES E. FREEMAN,
Bishop of Washington.

The Hon. JOHN NANCE GARNER,

Office of the Speaker of the House of Representatives,
United States Capitol, Washington, D. C.

LEAVE TO ADDRESS THE HOUSE

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent to address the House for one minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. GOLDSBOROUGH. Mr. Speaker, in view of the rule which precludes permission to address the House except on the day when the privilege to do so is asked, on next Monday I am going to ask unanimous consent to address the House for one hour after the disposal of matters on the Speaker's desk and the reading of the Journal, on the subject of branch banking as a remedy for the present economical crisis. I have talked with the gentleman from Mississippi [Mr. COLLINS], who will have charge of the Army bill at that time, and I think he has no objection.

The SPEAKER. Next Monday is consent day and suspension day. The Chair feels that he should protect that day. The time on that day will not be within the control of the gentleman from Mississippi. It is one of two days set apart each month for the consideration of bills on the Consent Calendar and for motions to suspend the rules. So far as the Chair recalls, since that practice has been established, unanimous consent to address the House on those days has never been granted.

Mr. GOLDSBOROUGH. Then, Mr. Speaker, I shall ask unanimous consent to address the House on Wednesday of next week.

JUDICIARY COMMITTEE—LEAVE TO SIT DURING SESSIONS OF THE HOUSE

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary be permitted to sit during the remainder of this week and the first three days of next week, during the sessions of the House.

The SPEAKER. Is there objection?

There was no objection.

ARMY APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 14199) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1934, and for other purposes. Pending that, I ask unanimous consent that general debate proceed until 4 o'clock this afternoon, that being the time set for a Democratic caucus, the time to be controlled by and equally divided between the gentleman from California [Mr. BARBOUR] and myself, and that to-morrow debate be confined to the bill, the time to be equally divided between the gentleman from California and myself.

The SPEAKER. The gentleman from Mississippi moves that the House resolve itself into the Committee of the

Whole House on the state of the Union for the consideration of the Army appropriation bill. Pending that he asks unanimous consent that general debate proceed during today, to be equally divided between himself and the gentleman from California, and that debate to-morrow be confined to the bill. Is there objection?

Mr. MAPES. Mr. Speaker, I reserve the right to object. Some of us are very much interested in a resolution introduced by the gentleman from Missouri [Mr. COCHRAN] relative to the recommendations of the President in respect to reorganization of Government departments. The gentleman from New York [Mr. O'CONNOR] to-day reported a rule from the Committee on Rules making that resolution in order. Can the gentleman from New York tell the House or give us some idea when he plans to bring up that rule?

Mr. CHINDBLOM. Mr. Speaker, will the gentleman yield?

Mr. MAPES. Yes.

Mr. CHINDBLOM. I understand the meeting at 4 o'clock this afternoon is to consider that very matter.

Mr. MAPES. But some of us will not be present at that meeting, and I thought possibly we might get some information about it for all the House.

Mr. O'CONNOR. Mr. Speaker, no plan as far as I know has been worked out as to just when that rule will be called up. I imagine it will be on the program some time next week. That is all I know about it.

Mr. MAPES. If the gentleman will permit, does the gentleman have any idea of bringing it up before the War Department appropriation bill is finally disposed of?

Mr. O'CONNOR. I have no idea as to how it will fit in with the program or whether it will intercept the Army appropriation bill or not.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. BARBOUR. Reserving the right to object, is it the intention of the gentleman from Mississippi to limit debate to-morrow?

Mr. COLLINS. To limit the debate to discussion of the bill only.

Mr. BARBOUR. But not as to the time?

Mr. COLLINS. It all depends upon the length of time the gentleman from California [Mr. BARBOUR] wishes to consume. I think about two hours would be sufficient, from what I have understood.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. COLLINS]?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Mississippi [Mr. COLLINS].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 14199, the War Department appropriation bill, with Mr. DRIVER in the chair.

The Clerk read the title of the bill.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLLINS. Mr. Chairman, I yield 20 minutes to the gentleman from Mississippi [Mr. BUSBY].

Mr. BUSBY. Mr. Chairman, I wish to discuss the question of balancing the Budget. That is the thing that we talked about at great length during the last session of Congress. In order to properly understand or discuss the question of balancing the Budget, I think we should first look to the source and the amount of the income that might be expected to come into the Treasury of the United States under our revenue laws.

From 1923 to 1929, inclusive, the average national income was seventy-eight and one-half billion dollars. In 1930 we began to find a reduced national income. In 1930 the income dropped to \$71,000,000,000, or a loss of 9 per cent. In 1931 we find the national income dropping from seventy-eight and one-half billion dollars to \$54,000,000,000. That

was a loss of twenty-four and one-half billion dollars, or 31 per cent below the average from 1923 to 1929. We find that corresponds approximately with the loss of revenue that was secured by the Treasury under our revenue laws which showed us a 31 per cent deficit. In 1932 we find that the national income dropped to \$37,000,000,000 from seventy-eight and one-half billion dollars, or a loss of forty-one and one-half billion dollars from the average point, and a loss in percentage of 53 per cent from what it was in 1923 to 1929.

Now, that is about the condition of the Treasury. The shrinkage of Federal income has cut in two the amount of revenue that is received by the Treasury under our revenue-raising laws. The revenue raised by our laws relates directly to the national income. The 1932 revenue, I call to your attention, is 31 per cent under the 1931 revenue. So we see it is absolutely impossible to have revenue laws that will keep a balanced Budget when we have continually shrinking incomes of the people.

I think it is very well conceded that the fixed charges, overhead, Government expense, and things that we can not avoid in the way of expenses, amount to something like \$20,000,000,000 a year. We lost \$17,000,000,000 of national income last year over 1931. If we lose \$17,000,000,000 during 1933 over 1932, we will be down to the point where we will not make enough income in this country to pay the necessary fixed charges and overhead and Government expenses, national, State, county, town, and so forth.

Now, what is to be done under that state of circumstances? Can we remedy the situation by cutting expenses? I am sure that most of you received from Mr. Babson a statement issued a few days ago, wherein he calls attention to the possibility of cutting Government expenses. He points out very emphatically that the Government's expenses proper amount to \$678,000,000. Now, that is the cost of administering government. It is true we have interest and sinking fund on the public debt. That amounts to \$1,156,000,000. We have the cost of veterans' relief, which is \$928,000,000, and the cost of the Army and Navy which is \$648,000,000, making a total of \$2,715,000,000. These are not properly Government expenses or expenses chargeable to the administration of the Government. Cuts will have to deal with those items, but if we cut those expenses, which I believe we all favor so far as it is possible for us to do so, it would not take the place of the loss of \$41,000,000,000 which we have had in 1932 above the period average of 1923-1929. In other words, we have had a loss of about three and one-half billion dollars in the income of the people of this country each month during 1932, whereas the cost of government for a year is practically that amount. Each month we lose in income to all the people enough money to pay the cost of the United States Government for a year.

Now, since we can not remedy our situation wholly or in any appreciable degree by cutting Government expenses, some other alternative must be resorted to. I believe that Mr. Babson was right in his closing statement in this article that we must increase the incomes of the people and the buying power of the people:

The sane and worth-while way of balancing the Budget is to improve general business. This means increasing purchasing power.

SURPLUS FOODS AND STARVATION

We have a peculiar situation in this country of ours. We have a surplus of every kind of food product; we have a surplus of materials out of which clothing is made, and yet people are starving and people are going without sufficient clothing. We have a surplus of housing facilities, and yet people are being put out in the streets. There is something fundamentally wrong besides the cutting of the expense of government. What is that something? We say we have got more money than we had in 1929; that is, more coined and issued currency than we had in 1929.

BANK CREDITS DROPPED TO 30 PER CENT EFFICIENCY

We have, but our medium of exchange is used by business made up of two elements; one is bank credits, and that does

nine-tenths of the business in normal times; the other is coined and issued currency, which does one-tenth of the business in normal times. Our bank credits have dropped to three-tenths of their normal efficiency. In other words, the nine-tenths portion of our medium of exchange has come down to where it is only three-tenths efficient, and that is the main trouble in the channels of trade to-day. As to the other one-tenth: If you will examine the December Bulletin of the Federal Reserve Board you will find it is but 40 per cent efficient. In other words, only 40 per cent of our currency is in circulation.

What is to be done in circumstances like these? You say the banks are full of money. The banks are not full of money. The banks, with \$42,000,000,000 of deposits, have but \$700,000,000 with which to meet their obligations when the demand comes. They have \$15,000,000,000 or \$16,000,000,000 of checking accounts where the demand can be made immediately, yet all of these banks have but \$700,000,000 in cash.

BANKS UNABLE TO MAKE LOANS

The trouble with the banks is perhaps not that their cash is low, but their book credits are absolutely static for the greater part. They represent mortgages against land, against commodities, and against property of all kinds, and they can not realize on them any more, because they will not move. The banks can not offer this collateral for sale, because there is no buying power in the people and the people can not purchase it. So they are virtually confined to the small amount of cash they have in their vaults, and that is the reason the banks can not make you loans. When you apply for a loan, the bank does not believe it can sell the property you wish to hypothecate with it for the loan. Therefore it has to refuse your request. We find ourselves in this unpendable position with regard to banks and bank credits.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. MAY. Has the gentleman any statements with regard to the amount of hoarded money in the country?

Mr. BUSBY. The last statement of the Comptroller of the Currency shows perhaps \$1,500,000,000 of currency in hoarding.

BANKS HOARDING CASH

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. BURTNESS. In the gentleman's opinion, is it not a fact that because banks are afraid to loan money by reason of the unstable loan value of the collateral or commodities upon which they might have security, the money in those banks is just as effectively hoarded as though it were in some one's sugar bowl or under some one's mattress?

Mr. BUSBY. That is absolutely the fact. This \$700,000,000 that is in the banks is being hoarded by them just as effectively as though it were buried away in some hiding place, as the gentleman has suggested, but they are right in hoarding it. If they tried to use it all, the banks would be endangered.

Mr. BURTNESS. Let me ask one more question. Is not the main reason the banks are not willing to assume the risk of loaning money and taking chances on the security offered due to the fact that the commodity price level has continued to decline instead of taking an upward spurt, which would safeguard the securities of the banks?

Mr. BUSBY. That is exactly right.

COUNTRY STILL ON THE DECLINE

Now I would like to call your attention to the effective way in which we are going downhill. The income of the people of this country shrunk 31 per cent in 1932 over the already deflated condition that existed in 1931. We are not stabilized in our downward trend; we have not hit the bottom. As long as the incomes of the people continue to dry up, the Budget will relate directly to the income of the people, who pay the taxes. If we should adopt a revenue law which balances the Budget now and if we shall have a 25 per cent shrinkage in national income in 1933 over that of 1932, the

Budget will be out of balance again in 1934 by 25 per cent. Your Budget will relate directly to the income of the people who pay the taxes. When they do not make money with which to pay taxes, the revenue in the Treasury will dry up and the Budget get out of balance.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. McFADDEN. Before the gentleman gets too far away from his statement in regard to the frozen condition of banks as regards credit and circulating media I think it is well to note that of the total amount of public debt, which is approximately \$20,000,000,000, the banks of the United States to-day are carrying between \$11,000,000,000 and \$12,000,000,000 of Government bonds because of the fact they feel safe in carrying those bonds; but, at the same time, it is freezing the assets of the banks still further.

Mr. BUSBY. That is important. It indicates that the situation has gotten so we can not sell anything in the way of securities and properties other than United States bonds. We can not secure loans except through Government channels. Why? Because Government bonds and Government obligations are the only things that are dependable, and they are a promise as directly by the Government as is currency.

CURRENCY AND EXCHANGE MACHINE BROKEN DOWN

Now, when we find our exchange arrangement broken down in its functioning in this way, the people using every kind of device for currency, what are we to do? Sit by and say we will wait until the banks come back and can furnish the credit the country is entitled to? Note this: The banks never did have any obligation to furnish credit to the country for business. They have certain powers; but these powers were given to the banks so they can use them to make money for themselves, not so they can serve the National Government. The National Government has got no right to go to the banks and demand that they use the credit issued through the Federal reserve system and thereby furnish the means to business to carry on the affairs of the country or the media of exchange required by trade; not one bit; but banks use those powers given them under our legislative acts when it is profitable to the bank, and when it is not profitable to the bank they do not use them. I am not criticizing the banks. We have turned over or farmed out to the banks and banking interests of the country the problem of furnishing nine-tenths of the exchange media for the business of this country, and that problem has not been met and is not being met by them. Since they have practically quit, we find stagnation in business on every hand.

PLAIN DUTY OF CONGRESS

What can we do? Why, we have control of the other one-tenth of the proposition, and if there is a breakdown in nine-tenths of the machine, if you discharge your duty as Congressmen and representatives of the people, do not say that you will sit by and wait until your people go through bankruptcy and then hope we will come out some way or other. What we can do is to speed up the other one-tenth by adding some more currency and media of exchange to it, and that is what we are now proposing to do.

PLAN TO ADD NEW CURRENCY

How can we do that? And I invite your attention to this because it will come up before the House very shortly. Heretofore the way we have met our deficit is to sell United States Government bonds to the banks and get that bank credit with which to finance the National Government. If we sell \$3,000,000,000 in the open markets to the banks, they will pass their bank credit out and such currency as they have in the settlement of these bonds with the Treasury.

There is no new money issued and there is no new advantage obtained. So what can be done? Instead of selling these bonds to the banks we can issue Government bonds, place them with the Federal reserve, just like banks would place them if they want a new currency, and have the Fed-

eral reserve issue the currency in payment of those bonds and turn the money over to the Treasury with which to pay the Government expenses.

If we can not pass a taxing act—and the leaders seem to think we will not pass any act to balance the Budget—use the money, not credit. What are we going to do? Credit has but one seat and that is the point from which it issues. You throw out credit, and it is like a child with a ball with a rubber tied to it; he throws it out and it comes right back home; that is the only place it can go. But you issue new currency; you send that out and pay the people, and it does not come back but goes the rounds. It meets the situation, solves the situation and the problem, and you can not solve them in any other way.

Suppose you sell bonds and obtain additional credit from the banks. What would you do? You would contract the credit in those banks to the extent of the amount of the bonds you have sold them, and you would deprive business of the opportunity of securing that credit, because you are bringing it in here to finance the National Government. What else have we done? We have issued obligations.

Mr. BANKHEAD. Will the gentleman yield before he departs from that immediate feature?

Mr. BUSBY. I yield.

Mr. BANKHEAD. I am somewhat familiar with the gentleman's proposal. The gentleman did not state what amount of interest he would have those bonds carry, and in what amounts they would be issued. Will the gentleman kindly explain that?

Mr. BUSBY. I was coming to that. What other burden would it place upon the country? We would pay 4 per cent, perhaps, to the banks for extending that credit to the Government. It is not necessary to do that. Bonds carrying 1 per cent interest sold to the Federal reserve with which to back currency with an added 20 or 40 per cent of gold are better than any currency that is in circulation, except the gold coin and the gold certificate. The national-bank notes are issued on 100 per cent low interest bearing Government paper and 5 per cent as lawful money; no gold at all.

So, Mr. Chairman, if I may conclude in these few minutes, I feel there is a grave responsibility resting upon every Member of the Congress. We suggest that we would like to do something, that we would like to relieve our people of the awful distress we find outside of Washington; but if you observe us in the Halls of this legislative body here at both ends of the Capitol and take our attitude for sincerity, you would think everything was all right and that the sailing was fine throughout the country; but go down in your district and see somebody who has been on the outside of Washington; he will come in and tell you, "It is awful the way you take no notice of the suffering of your people. It is terrible that you can drop into a feeling of ease and complacency and take no account of what is going on when the homes of the people are selling for taxes or being foreclosed under mortgages for small amounts that remain against them, and where every type of economic destruction is being wrought from one end of the country to the other and there is no remedy suggested."

For one I intend to exert every ounce of intelligence and influence I have to bring relief to the suffering people of this country. I do not care whether I am always in order, I do not care whether I am always in harmony with leadership, if there be leadership. I am in harmony with the suffering of our people and my efforts are going to be in their behalf, unhampered to any degree by rules and regulations and fictions that have kept us from acting up to this time. [Applause.]

Mr. WRIGHT. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. DRIVER, Chairman of the Committee of the Whole House on the state of the Union, reported that the committee having had under consideration the bill H. R. 14199, the War Department appropriation bill, had come to no resolution thereon.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

CALL OF THE HOUSE

Mr. SNELL. Mr. Speaker, pending the reading of the message, which I think is very important, I make the point of no quorum.

The SPEAKER. The Chair will count. [After counting.] One hundred and seventy-nine Members are present, not a quorum.

Mr. BANKHEAD. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 140]

Abernethy	Davis, Tenn.	Kelly, Ill.	Rogers, N. H.
Allen	Dickstein	Kemp	Rudd
Amile	Doughton	Kennedy, N. Y.	Schneider
Arentz	Doutrich	Kinzer	Seiberling
Boehne	Eaton, N. J.	Lambeth	Simmons
Bohn	Fulbright	Lea	Smith, Idaho
Brand, Ga.	Golder	Lewis	Somers, N. Y.
Buckbee	Goodwin	McLeod	Stewart
Byrns	Hall, Miss.	McSwain	Sullivan, N. Y.
Canfield	Hancock, N. C.	Miller	Sullivan, Pa.
Carley	Hart	Montague	Swing
Carter, Wyo.	Hawley	Nelson, Wis.	Underwood
Cooke	Hopkins	Oliver, Ala.	Wolfenden
Corning	Hornor	Oliver, N. Y.	Wood, Ind.
Crall	Horr	Owen	Wyant
Crump	Igoe	Person	Yates
Curry	Johnson, Ill.	Ramseyer	
Davenport	Johnson, Wash.	Rayburn	

The SPEAKER. Three hundred and fifty-six Members have answered to their names; a quorum is present.

On motion of Mr. O'CONNOR, further proceedings under the call were dispensed with.

PHILIPPINE INDEPENDENCE (H. DOC. NO. 524)

The SPEAKER laid before the House the following message from the President of the United States:

To the House of Representatives:

I return herewith without my approval H. R. 7233, entitled "An act to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes."

The Philippine people have to-day as great a substance of ordered liberty and human freedom as any people in the world. They lack the form of separate nationality which is, indeed, their rightful spiritual aspiration. They have been encouraged in this aspiration by every President of the United States during the years of our association with the Philippines and by declarations of the Congress.

But in securing this spiritual boon to the 13,000,000 people in these islands the United States has a triple responsibility. That is responsibility to the Philippine people, responsibility to the American people, and responsibility to the world at large. Our responsibility to the Philippine people is that in finding a method by which we consummate their aspiration we do not project them into economic and social chaos, with the probability of breakdown in government, with its consequences in degeneration of a rising liberty which has been so carefully nurtured by the United States at the cost of thousands of American lives and hundreds of millions of money. Our responsibility to the American people is that we shall see the fact of Philippine separation accomplished without endangering ourselves in military action hereafter to maintain internal order or to protect the Philippines from encroachment by others, and, above all, that this shall be accomplished so as to avoid the very grave dangers of future controversies and seeds of war with other nations. We have a responsibility to the world that having undertaken to develop and perfect freedom for these people we shall not by our course project more chaos into a world already sorely beset by instability. The present bill fails to fulfill these responsibilities. It invites all these dangers. It does not fulfill the idealism with which this task in human liberation was undertaken.

SUMMARY OF THE BILL

The bill provides for a constitution of a specified character to be framed by a Philippine convention, for the submission to the Filipino people, and for the incidental determination as to whether or not they desire independence. In the event of a favorable vote, and after probably about two years, an intermediate government of the Philippine Islands is established, the office of governor general is abolished, and all important civil authority of the United States is effectively abrogated, except for certain inconsequential powers which are vested in a high commissioner. The United States retains also during the approximately 10-year period of intermediate government the powers of limited control over legislation—by the President—of judicial review in certain cases (by the United States Supreme Court), of supervision of foreign affairs, and of military occupation. Immigration is regulated, and during the same period certain duty-free imports into the United States are curtailed to specified quotas. The intermediate government is to levy export taxes, to increase from an initial charge of 5 per cent in the sixth year of that government to 25 per cent in the tenth year. Complete independence is automatically established in the eleventh year after the inauguration of the intermediate government; and all free trade between the Philippine Islands and the United States is then terminated, unless some other understanding is arrived at by a trade conference. The United States retains, after the establishment of independence, the right to maintain military and naval stations in the Philippine Islands; and the bill calls for an effort on the part of the United States to safeguard the future of the islands by securing international neutralization.

I am returning this bill because I consider that it is subject to the most serious objections. In the statement which follows I do not enter upon many secondary criticisms, but confine myself to the broader aspects of the subject, which, in any event, must dominate conclusions as to rightful action.

ECONOMIC AND SOCIAL CONSEQUENCES

During the period of intermediate government prior to complete independence, not alone the internal and external political relations of the Philippine people must be adjusted but they must adjust their economic life to the complete abrogation of the present free-trade association with the United States. The period for such adjustment in this act is too short, too violent. These adjustments will not be confined to the period after independence. On the contrary, these reactions will begin much before that, for people do not wait to adjust their affairs until after a known certainty. They discount and prepare in advance. To grasp these implications we must consider what is proposed at the end of the 10-year period. The free entry of Philippine products into the United States—that is, 80 per cent of their foreign market—is to cease at that time, or at best be subject to an indefinite negotiation. Unfortunately for these people, their economic life to-day and for many years to come is absolutely dependent upon their favored trade with the United States. Many of their industries can not compete with the lower standards of living and costs in other tropical and subtropical countries, except by virtue of their favored entrance to our markets. Lands now employed in these products must be abandoned or alternatively all real wages and standards of living and all land values must be reduced to the level of other competing countries. Consequently, capital invested in large industries, the security for mortgages held by their banks, their insurance companies, their other institutions must be greatly reduced, the financial system of the islands endangered, a flight of capital must ensue, the ability of the people to pay taxes undermined, the government revenues diminished, and its ability to maintain its obligations and to maintain public order will be weakened. The government already has difficulty balancing its budget and this difficulty will be thus intensified. Under these circumstances they must inevitably and soon greatly diminish a large part of their generous support to schools, health, and roads.

The American Government will be faced after projection of these events with years of military occupation among a

degenerating economic and social life, with all its governmental difficulties.

A large part of the motivation for the passage of this bill is presumed relief to certain American agricultural industries from competition by Philippine products. We are trustees for these people and we must not let our selfish interest dominate that trust. However, from our agricultural point of view, during the first period of presumably two years, it gives no protection of any kind. During the following five years it gives no effective protection because the amount of competitive commodities admitted into the United States duty free is in sugar 50 per cent larger than that of 1928; vegetable oils 25 per cent larger. In any event, the sugar benefits inure more largely to foreign producers than to our own farmers. If we are to predicate the fate of 13,000,000 people upon this motive we should at least not mislead our farmers about it. If we are to base our action upon economic consideration—and I do not neglect its importance—then also we should give regard to our farmers, workers, and business men whose livelihood, particularly upon the Pacific coast, will be largely destroyed by lack of positive provisions for reciprocal trade after independence upon which they can predicate their future.

RESPONSIBILITY WITHOUT AUTHORITY

The bill weakens our civil authority during the period of intermediate government to a point of practical impotence. The powers which the high commissioner can exercise on his own initiative are unimportant, and those which can be delegated to him by the President over legislation are doubtful and indirect. During this period, however, the American flag will be flying and our Army will be in occupation. Our Government, with inadequate civil means for exercising its sovereign authority to control the situation but with continued moral responsibility to maintain stable government, will daily during those years be faced with the likelihood of having to employ military measures to maintain order in a degenerating social and economic situation, or, alternately, to expend large sums from our taxpayers in supporting a constantly enfeebled government. Not alone do these difficulties arise from the intermediate situation we create, but the non-Christian population, who are as yet bitterly opposed to the controlling group, constituted at the last Philippine census a majority of the combined population of nine Provinces, occupying about 40 per cent of the total land area of the Philippine Islands. The maintenance of order in this considerable element has presented many difficulties to us in the past, and it is not reasonable to assume that the intermediate government will be as well qualified to handle the situation as the present régime for a long time. Moreover, without real civil authority we can have no assurance that the intermediate government may not find itself in difficulties with citizens of other nationalities which may involve the United States. Such responsibility in these situations, without adequate authority, can lead only to disaster.

INABILITY TO PROVIDE MILITARY FORCES FOR PRESERVATION OF INTERNAL ORDER OR EXTERNAL DEFENSE

The income of the Philippine government has never in the past been sufficient to meet, in addition to other expenditures, the cost of supporting even the Filipino Scouts, much less an army or navy. The United States expends to-day upon the native and American military forces for the protection and assurance of internal order and for the maintenance of the minimum requirements of external defense a sum amounting to approximately 28 per cent of the entire revenues of the Philippine government. If the naval expenditures of the United States in the Philippine Islands are included, this figure is increased to 36 per cent; and it must be remarked that both figures relate to the expenses of the forces actually in the islands and do not include the very pertinent potential protection afforded by the entire military and naval powers of the United States. It can scarcely be expected that the Philippine Islands will be able to increase their revenues by 36 or even 28 per cent to provide the force necessary for maintaining internal order and the minimum of external defense, even were no internal economic degen-

eration anticipated. They could only do so at a sacrifice of a large part of their educational and public improvements.

PRESENT EXTERNAL DANGERS TO INDEPENDENCE

The Philippines include, in terms of comparison with their neighboring oriental countries, large areas of undeveloped resources. The pressures of those immense neighbor populations for peaceful infiltration or forceable entry into this area are most potent. Many of these races are more devoted to commercial activities than the population of the islands and the infiltration is constant and fraught with friction. Nor has the spirit of imperialism and the exploitation of peoples by other races departed from the earth. After the establishment of independence the Filipino people alone will be helpless to prevent such infiltration or invasion. Their problem is infinitely different from that of Cuba or other nations in the Western Hemisphere. Moreover, the political dangers of the situation are greatly increased by the present political instability in the Orient. The impact of western ideas upon oriental systems of culture and government has created a profound ferment among this half of the population of the world. Our own future and the future of the Filipino people, both in maintenance of peace and the development of our own economic life and trade, are deeply involved.

To-day the picture is chaotic. It is impossible to see what the next two decades may bring. It is a certainty that at the end of such a period we can see more clearly—and the Philippine people can see more clearly—the forces which are formulating. It would be the part of common caution upon their own behalf and both generosity and caution in our own part that final determination as to the nature of our relations should be deferred and that both of us should take this momentous decision after a much longer period than two years. When the Philippine people vote within two years upon a constitution they take the irrevocable step of final independence. By maintenance of our military occupation and our national guardianship the United States must and will give protection against external pressure during the period of intermediate government. The bill makes no effective provision for the maintenance of their independence thereafter from outside pressures, except a promise of effort on our part toward neutralization. We have the option to continue maintenance of military and naval bases. Other nations are unlikely to become parties to neutralization if we continue such bases, and neutralization is a feeble assurance of independence in any event unless we guarantee it. That again is the perpetual engagement of the United States in their affairs. But with the impression that these ideas in the bill convey, it is likely that the Philippine people would vote in two years in the belief that independence is thereby attained and with the more or less general belief that we will indefinitely engage our power and our own future welfare in the altruistic mission of preserving their independence from international forces against which they are incapable of defending themselves. Therefore, before any plebiscite is held we should honestly and plainly declare our intentions. This bill does not do this. In discharge of the moral responsibilities of our country we have no right to force an irrevocable decision on their part to be taken two years hence at a moment in history when the outlook in the world and of their surroundings is at best unfavorable to their permanent independence.

CONCLUSIONS

If the American people consider that they have discharged their responsibilities to the Philippine people, have carried out the altruistic mission which we undertook, if we have no further national stake in the islands, if the Philippine people are now prepared for self-government, if they can maintain order and their institutions, if they can now defend their independence, we should say so frankly on both sides. I hold that this is not the case. Informed persons on neither side have made such declarations without many reservations. Nor can these conditions be solved by the evasions and proposals of this bill without national dishonor.

In my view we must undertake further steps toward the liberation of the Philippine Islands, but they should be based upon a plebiscite to be taken 15 or 20 years hence. On such an occasion there would be a full impress upon the Filipinos of the consequences of their act instead of its confusion as a side issue to the substitution of another intermediate form of self-government offering no vital improvement in their liberties to that they now possess. They should then have freedom to form their own constitution and government, both in the light of experience and the forces moving at that time. In the meantime we should develop steadily through an expansion of the organic act a larger importance to their own officials by extension of authority to cabinet government, with a full reserve of powers to our representatives. Immigration should be restricted at once. We should cooperate with them to bring about their economic independence before the plebiscite by very gradual reduction of their free imports. We should, prior to such plebiscite, or any sooner date that the Philippine people propose, fix a mutual preference in trade similar to and on a wider scale than that with Cuba. The United States should plainly announce prior to the time of this plebiscite whether (a) it will make absolute and complete withdrawal from all military and naval bases, and from every moral or other commitment to maintain their independence, or (b) the conditions as to authority and rights within the islands under which we will continue that protection.

These final steps can not be properly determined now by either the Philippine people or ourselves.

We are here dealing with one of the most precious rights of man—national independence interpreted as separate nationality. It is the national independence of 13,000,000 human beings. We have here a specific duty. The ideals under which we undertook this responsibility, our own national instincts, and our institutions which we have implanted on these islands breathe with these desires. It is a goal not to be reached by yielding to selfish interests, to resentments, or to abstractions, but with full recognition of our responsibilities and all their implications and all the forces which would destroy the boon we seek to confer and the dangers to our own freedom from entanglements which our actions may bring. Neither our successors nor history will discharge us of responsibility for actions which diminish the liberty we seek to confer nor for dangers which we create for ourselves as a consequence of our acts. This legislation puts both our people and the Philippine people not on the road to liberty and safety, which we desire, but on the path leading to new and enlarged dangers to liberty and freedom itself.

HERBERT HOOVER.

THE WHITE HOUSE, January 13, 1933.

The SPEAKER. The objections of the President will be entered at large on the Journal and the message and the bill will be printed as a House document.

The question is, Will the House, on reconsideration, agree to pass the bill, the objections of the President to the contrary notwithstanding?

Mr. HARE. Mr. Speaker, I ask for recognition under the rule.

Mr. SNELL. Will the gentleman yield for a question?

Mr. HARE. Yes.

Mr. SNELL. Will the gentleman inform us how much time he intends to use and whether he is willing to yield some time to this side of the House?

Mr. HARE. I will be very glad to state that so far I have promised a little more than one-half of the time to the gentleman's side of the House.

Mr. SNELL. Is the gentleman going to take just the hour?

Mr. HARE. Not over one hour.

Mr. Speaker, I yield three minutes to the gentleman from Iowa [Mr. THURSTON], a member of the committee.

Mr. THURSTON. Mr. Speaker, for one-third of a century the American Government and the American people have endeavored to assist the Filipino toward self-government, and in this endeavor they have had the hearty cooperation of all of our people.

About six years ago the then President, Mr. Coolidge, in a message vetoing an act of the Philippine Assembly, stated that tariff preferences to the extent of \$30,000,000 to \$35,000,000 were annually extended to these people and that the cost of maintaining our civil establishment, supplemented by the military and the naval branches of our Government, cost our Treasury an additional \$10,000,000 a year, so that our people and our Treasury at that time were contributing about \$50,000,000 a year in favor of the people who inhabit these islands. So in these days when we talk about endeavoring to balance our Budget and to give preference to our own people, we should have in mind the statement made by the President at that time.

If you will examine the trade relations between the islands and the homeland, you will find that for each year for the past 10 years the Philippine people have had a trade balance in their favor and against us in an amount of \$60,000,000 to \$90,000,000 annually.

So I submit that these figures and these facts are pertinent to this question at this time.

I realize that the greater part of the expressions that have been made on this floor and in the committee have largely dealt with the altruistic purpose of our Government and our people in relation to this subject.

[Here the gavel fell.]

Mr. HARE. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. THURSTON. So in these times, when we are having a terrific dislocation of economics and finances, the Congress should carefully consider this aspect of the matter.

Now, it is also known that our Government agreed that it would not fortify those islands. So we have an exposed salient 6,000 miles from our shores, and under our treaty obligations we do not have the right to fortify and protect our interests there.

It is well known that our Navy has adopted a policy which prohibits the concentration of a fleet in those waters, and to-day we do not have one capital ship in Asiatic waters, and it is unlikely that we ever will have a major naval unit in that area.

So we have all of the hazards pertaining to the occupation of the islands without any facilities or any provisions to protect our possessions in that part of the world.

So whether conditions remain stable in Asia or not, our people do not care to take the chance of becoming involved in a war on the other side of the globe. [Applause.]

[Here the gavel fell.]

Mr. HARE. Mr. Speaker, I yield five minutes to the gentleman from Missouri [Mr. DYER].

Mr. DYER. Mr. Speaker, the President of the United States in his message to Congress said that we should not be governed or influenced by selfish interests.

In my opinion, having served in the war that brought about our possession of the Philippine Islands, and remembering the words of our Commander in Chief at that time, President McKinley, who said that we were taking over the islands not as a conquest but to prepare them for self-government, and having during my long service in this Congress kept in touch with the situation in the Philippines and having visited them on some four occasions, Mr. Speaker, I can tell you that the only selfish interest involved in the question of the independence of the Philippine people are Americans in the Philippine Islands in business. [Applause.] They have many interests there, and they do not want independence now, 10 years from now, or 15 years from now—they do not want it ever. [Applause.]

The other selfish interests are the Army and the Navy. The United States Army and the United States Navy, its officers and men, do not want us to leave the islands. They do not want to be deprived of the service over there, and their influence with the Secretary of War and with the Secretary of the Navy—and these two Cabinet officers with the President of the United States, in my judgment, are the whole trouble against giving the Filipinos independence.

Mr. BACON. Will the gentleman yield?

Mr. DYER. Not now. We promised the Filipinos independence. We said we would give it to them whenever the people could maintain a stable government. That was our pledge. Is there any man here cognizant with the situation in the Philippine Islands who will claim that they are not able to maintain a stable government?

Mr. BACON. Will the gentleman yield?

Mr. DYER. I will not. It is as much a stable government, now maintained by them, largely, as governments in many other places in the world.

I know, Mr. Speaker, that there are in this country some who would never be willing to give independence to the Filipino people. For 35 years we have been promising them this independence.

I helped in a small way to bring about the situation by which the Philippines became connected with, and a part of, this country; and I want to live to see the day when they shall be given their independence, and when they shall have their own government, which we have solemnly promised to them. This legislation, while not satisfactory in all respects to me, as I think it puts off independence too long, is a compromise, but it will eventually bring them independence. Permit me to say to the Filipino people that there is one man in America to-day to whom they owe more than to any other for this opportunity of independence, and that is to the courageous, brave, and splendid Speaker of this House, JOHN N. GARNER. [Applause.]

Mr. Speaker, this is an opportunity to discharge a solemn duty on the part of the American Congress, and I for one have given my hearty support to legislation for Philippine independence; and to do my further duty, as I see it, I shall vote against sustaining the veto of the President, and otherwise do all within my power to carry out the solemn, honest pledge of this country and our people. [Applause.]

Mr. HARE. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. UNDERHILL].

Mr. UNDERHILL. Mr. Speaker, no Member of this House who heard the message of the President read from the dais but is convinced of his friendly attitude toward the Filipino and is convinced of the logic of his position, and all men will find it mighty hard to controvert his arguments. It is a reflection upon the people of this country, particularly upon Congress, that at this time, with the world in a state of chaos, under the guise of liberty, of independence, we should take action which undoubtedly will bring to the people whom we hope to benefit greater evils than they have ever suffered heretofore, and more blood shed than probably has ever before been spilled on those islands. Our sweet sacrifice and our oily utterances on the floor of this House are not based on altruism but are grounded in the sugar interests, mostly of Cuba, and the coconut-oil product which comes into this country from the Philippine Islands. That is not creditable to either the people of the United States or to Congress. Of course, propaganda from certain paid sources, undoubtedly much of it financed by the sugar interests of Cuba, has led the American farmer and his representatives here in Congress to believe that a separation of the Philippines from the Government of the United States, and the consequent tariff duty on sugar, is going to be beneficial to the sugar raisers of this country. I venture to prophesy that it will not result in one single, solitary fraction of a cent additional to the farmer in his sugar crop, and I doubt if it will bring into sugar cultivation one single additional acre of ground in the United States. Sugar is produced in Cuba at so low a cost that we can not compete with it, and the surplus which we are obliged to buy will come from Cuba instead of from the Philippines.

As far as vegetable oil is concerned, now admitted free of duty, it will be no longer admitted free; but the copra, which is free of duty to the whole world, will be admitted, and the oil will be extracted in this country.

The only valid, the only remote reason why you can vote to pass this bill over the President's veto is that you have not confidence in the next Congress of the United States; that you doubt the intelligence and ability of the next

President of the United States. That is the only reason that has been given on the floor of this House, the only reason that has been given privately for the present insistence that we take this step at this time.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. UNDERHILL. I can not; I have only five minutes. If we close our ears to the admonishments of the President of the United States, who in his statesmanlike paper has pointed out the danger that will come at this time, then we soil our hands, we take the responsibility for whatever evils which will follow, we blot from our history the victory of Manila Bay, we ignore the sacrifices of thousands of our men and women who went over there to make the Philippines safe for the Filipino people, and whose services and sacrifices are to-day forgotten. [Applause.]

Mr. HARE. Mr. Speaker, I yield five minutes to the gentleman from Michigan [Mr. HOOPER].

Mr. HOOPER. Mr. Speaker, I am going to vote to sustain the veto of the President, although, as many of you know, I have twice voted for the passage of the bill. A year ago when I so voted, I stated to the House that if the President should veto the bill I would vote to sustain that veto; and yet I am frank to say here this afternoon that I could wish the President had signed the bill, not because I think it is a particularly good bill, but because I am afraid of the consequences if this bill does not become law. In other words, before our very fine Insular Affairs Committee last year there were gentlemen who had introduced bills to give independence to the Philippine Islands on the next 4th of July, with drums beating, flags flying, and all the honors of war. Those men who introduced such bills forget that out of a third of a century's close and intimate contact between the people of the United States and the people of the Philippine Islands, there have grown up relationships, deep rooted during those years, which can not be severed forcibly and overnight, without bringing trouble and disaster in their wake. That is what I fear now. I would be the last one to deny to another people a right to their independence, the right to live their own national life; but I can not help fearing from what I know and what you know of what is going on about the world to-day, with the forces that are rocking it to its foundation, what may be the consequences of legislation which I can not help believing is ill-advised at this time. In saying so, I do not disparage in any way the splendid people of the Philippine Islands, I do not disparage in any way their desire for independence; but when I remember, as I can not help doing, that in the neighborhood of the Philippine Islands there are situations which are ready to flare up like a bundle of tow into which a torch has been dropped, then I can not help wondering whether it is wise to do the thing that we are doing to-day. I believe that when that well-known historian of the future, of whom we are always talking, comes to write the story of this rather sordid affair, he will say it was not the independence of the people of the Philippine Islands which we voted this afternoon, but that it was the supposed independence of a certain great group in this country from conditions which they thought economically threatening to themselves.

So this afternoon, with all good wishes for the people of the Philippine Islands, but with a heart somewhat troubled by the implications contained in this situation, I am going to vote to sustain the President of the United States for the very cogent reasons he has given us why we should not hasten into this legislation for any such sordid reasons as are actuating us to-day. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Michigan has expired.

Mr. HARE. Mr. Speaker, I yield three minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I have asked for time simply to place in the RECORD a letter written by Theodore Roosevelt when he was President of the United States to William Howard Taft, then Secretary of War, urging that independence be granted the Philippines at the earliest possible moment. Theodore Roosevelt, who was perhaps the out-

standing Chief Executive in our generation for courage and Americanism, had this to say in August, 1907, a quarter of a century ago:

The Philippine Islands form our "heel of Achilles." They are all that makes the present situation with Japan dangerous. I think that in some way and with some phraseology that you think wise, you should state to them that if they handle themselves wisely in their legislative assembly we shall at the earliest moment give them a nearly complete independence. * * * I think that to have some pretty clear avowal of our intention not to permanently keep them and to give them independence would remove a temptation from Japan's way and would render our task easier.

I submit to the Members of the House that Theodore Roosevelt never had a cowardly thought in his entire life, nor did he ever do a cowardly act. I am glad of this opportunity to vote for the independence of the Philippines in accordance with the terms of this legislation, but I believe we have already waited too long to keep faith with our platform promises and pledges made for the last 20 years. [Applause.]

Further, I would like to say that our action to-day is a complete and emphatic answer to those foreign nations who have always been saying that Uncle Sam—that the United States of America is a great, grasping, avaricious, imperialistic nation.

The Congress of the United States is about to show to the world that we are not an imperialistic Nation. Of our own free will and accord we are about to grant that independence to the Philippine people, which we promised them many years ago. Only last week we withdrew our marines from Nicaragua. That also is an answer to those European nations who have been grabbing off territories all over Asia and Africa or wherever the grabbing was good. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. HARE. Mr. Speaker, I yield 10 minutes to the Commissioner of the Philippines [Mr. OSIAS].

Mr. OSIAS. Mr. Speaker, I would be more or less than human if I did not say that the Executive disapproval of the Philippine independence bill after it passed both Houses of Congress is a disappointment to me. Of course, I am grateful for the recognition in the presidential message of our rightful, spiritual aspiration for a separate nationality. I am glad the world will hereafter know that in our aspiration for independence we have been, to use the words of the President—

Encouraged by every President of the United States during the years of our association * * * and by the declarations of the Congress.

Mr. Speaker, no word of censure or resentment over the presidential veto shall escape my lips. I recognize that the present occupant of the highest office within the gift of this Republic acted within his constitutional rights. No responsible Filipino here or elsewhere will dispute the fact that President Hoover did his duty as he saw it. I have a great respect for the President of the United States, as all of us must respect any Government functionary who courageously does his duty; but, sir, precisely because of my deep-seated respect for the man who fulfills his duty honestly and faithfully, I am emboldened to appeal to you to-day likewise to act within your constitutional rights and reaffirm the action that twice you have taken on the Philippine independence bill. [Applause.]

The House of Representatives on two occasions went on record in favor of the passage of this independence measure, the first time that has ever been done in the history of American-Philippine relationship. On the 29th of December last you voted to approve the conference report of the managers of the House and the Senate. Again, on April 4, 1932, this House, by a vote of 306 to 47, or a proportion of more than 6 to 1, spoke with convincing finality that reached the hearts of 13,000,000 people across the sea. I therefore have no hesitation in making this direct appeal to repass the Philippine independence bill in the knowledge that by so doing the Members of this coordinate branch of the American Government will, like the President, be exercising their constitutional prerogative.

Mr. Speaker, granting for the sake of argument that the bill does not settle the questions that should be settled, I say its disapproval does less. If it fails to avoid certain difficulties, inaction will merely increase them.

My people will know, as soon as the facilities of the modern age carry the news across the vast Pacific, certain plans that are held out to them, supposedly to achieve the liberation which we have so long coveted. What are the concrete proposals in this message? Among other things they are these:

Immigration should be restricted at once. We should cooperate with them to bring about their economic independence before a plebiscite, by very gradual reduction of their free imports.

The moment it becomes known in the Philippines that there is a concrete plan immediately to restrict immigration of the Filipinos in the United States, even while the American flag floats over us, there will be a wave of despair throughout the islands. The immigration provisions of the present bill are not as objectionable as the scheme now proposed.

The plan as suggested postpones decision on this momentous question until after "a plebiscite to be taken 15 or 20 years hence." In the interim cooperation is to be given the Filipinos "to bring about their economic independence before the plebiscite by very gradual reduction of their free imports." The period is too long and should not be acceptable to the peoples of the United States and the Philippines. The uncertainty will merely be prolonged with all its benumbing effects upon our economic life. The passage of the bill is far more desirable.

The proposal is not accompanied by a grant of authority to the government of the islands either to have a counter-vailing gradual reduction of free imports into the Philippines or to effect economic treaties with other countries. With all due respect I want to say in all frankness that my people will never, never achieve economic independence if those opposed to this bill are to be the ones to interpret the term "economic independence." Besides, that goal is impossible of attainment by the plan to start reducing the free imports of the Philippines into the United States while their political status remains unaltered.

As a matter of fact, one of the objections to the present measure is that limitations are placed upon duty-free Philippine products coming into the United States during the life of the intermediate government, while all American goods continue to go to the Philippine Islands free of duty and without limit. But, Mr. Speaker, the Filipinos accepted the limitations imposed because they are embodied as integral parts of a bill designed to grant our independence upon a day fixed and certain. We accepted them with the hardships they bring because we are so desirous to achieve our national emancipation. I for one, in my official capacity, say I accept those because they are coupled with independence, and as a Filipino I am willing to pay the price of liberty and independence. [Applause.]

Among many Filipinos, and I may add among many Americans, the 10-year period of transition is considered too long. Now comes the Executive veto on the ground that the period for adjustment in the bill is "too short." Personally, I wish it were shorter, but considering the various factors and circumstances, I hold with the Congress that the time fixed in the bill is fair and reasonable.

I was glad to listen to my good friend, the gentleman from Michigan [Mr. HOOPER], whom I shall remember by his votes in favor of the Philippine independence bill and not by his speech of to-day. [Laughter and applause.] He has given of his time and intelligence in the deliberations leading to the formulation of the Philippine legislation. He has rendered invaluable service to us and has ably cooperated with the distinguished chairman [Mr. HARE] and other members of the House Committee on Insular Affairs.

I was pleased once again to listen to my friend, the gentleman from Massachusetts [Mr. UNDERHILL], and he will pardon me if I particularize and say a few words about him. He has been faithful in the discharge of his duty as a member of the Committee on Insular Affairs. He has honored

the Philippines with a visit, and he is held in high esteem for his courage, his integrity, and his devotion to those principles and convictions dear to his heart. I know he is friendly to my people. But I want to reply to his words broadcast far and wide when he said that the Philippine bill is unfair, unjust, uncivilized, and un-Christian.

Mr. Speaker, the unfair, the unjust, the uncivilized thing is to fail to act on a question of human freedom and human rights. The un-Christian thing is to delay; the un-Christian thing is to deny us our freedom. The Christian thing is to redeem a solemn pledge and grant us our freedom. The independence bill should by all means become a law. There can be nothing more fair, more just, more Christian than that your Christian Republic in the western world should be the mother of the first Christian republic in the Orient. [Applause.]

Mr. Speaker, much is made of the far-eastern situation which is pictured as chaotic. The Philippines is in an oriental setting. My people are not unmindful of the events in their part of the world. The Senate and House committees, the Senators and Representatives of the United States, the Filipino leaders are not unaware of the risks and dangers. I indorse the Senate committee report on the bill which said:

The present situation in the Orient should not prevent Congress from taking definite action at this time. Unsettled conditions in the Far East may continue indefinitely; they may be settled at any time. But the varying fortunes of conflicting forces on the other side of the Pacific can not justly be set up by us as an excuse for delaying the solution of our own problems.

The fulfillment of our duty toward the Philippines must be determined upon the basis of the welfare of the people of the United States and the 13,000,000 people of the Philippine Islands. To change at this time a long established national policy because of conditions for which we are not responsible and over which we have no immediate control will be interpreted as timidity or weakness.

If the determination of the settlement of the American-Philippine problem is to be dependent upon the absolute absence of troubles and dangers in every part of the world; if decision is to be delayed because it is impossible to foresee what "the next two decades may bring"; if the terms and conditions exacted in the state document which has just been read are to be first met before definite action is taken on an independence bill—then woe be unto the Philippines!

Of course, it is impossible to discuss other aspects and points in the President's message during the time I have at my disposal. Let me just say a word more relative to the external dangers in relation to independence. Invulnerability should not be required as a prerequisite to independence. Outside of the United States, and perhaps one or two other countries, no nation can say it can withstand all external dangers.

In this country there are two camps of thought. One camp includes those who do not believe that America should involve herself in foreign entangling alliances, true to the injunction of the first President of the United States. The other camp comprises those who believe in the efficacy of peace and have faith in the new conscience of mankind, renouncing war as an instrument of national policy and favoring peaceful method in the solution of international questions. Regardless of the camp of thought with which you align yourselves, I say both philosophies argue in favor of the independence of the Philippines.

I have only time enough left to appeal most earnestly for the sake of consistency, for the sake of justice, for the sake of liberty itself, and for the sake of friendship between the United States and the Philippines, that you repass the Philippine independence bill designed to bring freedom and happiness to 13,000,000 human beings for whom America fought to liberate. A law granting us independence would be a crowning glory to America's stewardship of the Philippine Islands. I thank you. [Applause.]

Mr. HARE. Mr. Speaker, I yield five minutes to the gentleman from California [Mr. WELCH].

Mr. WELCH. Mr. Speaker, the President in his veto message referred to military and naval fortifications in the

Philippine Islands. It should be known that the three-power treaty between the United States, Japan, and England limits our fortifications in the Philippine Islands to the fortifications that are there at the present time, which for offensive and defensive purposes are absolutely inadequate. In the event of war with any of the nations in that quarter of the globe it would be impossible for us to defend or retain the Philippine Islands. I make this statement not on my own authority but on the measured testimony of naval officers who have said in the hearings on the London naval treaty, that in the event of war in the Orient we would be forced to abandon the Philippine Islands and it would take us two years to win them back. This statement in itself should cause us to pause and not agree with those who are deluding themselves in the theory that the islands are the outposts of our national defense.

The President in his message this morning stated that Philippine immigration should be restricted at once. Mr. Speaker, this Congress or any other Congress that succeeds it, will not restrict immigration from the Philippine Islands as long as we hold dominion over them unless such restriction is included in a bill granting them their independence, such as this bill which has been vetoed by the President. [Applause.]

Now, what has every other President, commencing with President McKinley, said in reference to this very question of Philippine independence? At the outset of our occupation of the Philippine Islands in 1898 President McKinley proclaimed the purpose of their acquisition and forecast their destiny:

The Philippines are ours—

He said—

not to exploit but to develop, to civilize, to educate, to train in the science of self-government. This is the path of duty which we must follow or be recreant to a mighty trust committed to us.

Still later, at a time when the American people had heard a year's discussion of our intentions and plans regarding the islands, President McKinley voiced the hope that the first Philippine Commission would be accepted by the Filipinos as bearers of "the richest blessings of a liberating rather than a conquering nation."

In January, 1908, President Roosevelt said in his message to Congress:

The Filipino people, through their officials, are therefore making real steps in the direction of self-government. I hope and believe that these steps mark the beginning of a course which will continue till the Filipinos become fit to decide for themselves whether they desire to be an independent nation.

President Roosevelt on another occasion referred to the Philippine Islands as Achilles' heel.

In 1913 President Wilson, in a message to the Filipino people, said:

We regard ourselves as trustees acting not for the advantage of the United States but for the benefit of the people of the Philippine Islands. Every step we take will be taken with a view to ultimate independence of the islands and as a preparation for that independence.

Every President, from President McKinley, who was President of the United States 34 years ago, when war was declared against Spain, has directly or indirectly declared in favor of Philippine independence. Every national convention, whether Democratic or Republican, has gone on record in no uncertain terms in reference to giving them their independence as promised. The treaty of Paris of 1898 between the United States and Spain indicated in its very language that the Filipinos should ultimately be given their independence.

On February 6, 1899, when the treaty of peace between the United States and Spain, signed in the city of Paris on December 10, 1898, was before the Senate for ratification the following joint resolution declaring the purpose of the United States toward the Philippine Islands was adopted:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That by the ratification of the treaty of peace with Spain it is not intended to incorporate the inhabitants of the Philippine Islands into citizenship of the United States, nor is it intended to permanently

annex said islands as an integral part of the territory of the United States; but it is the intention of the United States to establish on said islands a government suitable to the wants and conditions of the inhabitants of said islands to prepare them for local self-government, and in due time to make such disposition of said islands as will best promote the interests of the citizens of the United States and the inhabitants of said islands.

The act of 1916, known as the Jones Act, declares for it as follows:

Whereas it was never the intention of the people of the United States in the incipency of the war with Spain to make it a war of conquest or for territorial aggrandizement; and

Whereas it is, as it has always been, the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein; and

Whereas for the speedy accomplishment of such purpose it is desirable to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them without in the meantime impairing the exercise of the rights of sovereignty by the people of the United States, in order that, by the use and exercise of popular franchise and governmental powers, they may be the better prepared to fully assume the responsibilities and enjoy all the privileges of complete independence.

Mr. Speaker, reference is made in the veto message to trade relations or property rights. There is more involved in this bill than the question of property rights—human rights are involved. It is estimated by those who are in a position to know that there are between eleven and twelve million unemployed men in this country. Regardless of the fact that we have this vast army of American citizens walking the streets looking for work, 26,000 Filipino laborers have come into this country unrestricted during the past four years (according to figures from the Department of Labor, Bureau of Immigration). This bill, if passed over the President's veto, will stop this flow 60 days after its acceptance by the Filipino Legislature.

Mr. Speaker and Members of the House, it is our duty to vote our conscience in this matter. This Congress almost unanimously passed the Philippine independence bill. The other branch of Congress passed it unanimously. The question now is, Are we going to yield our judgment to some other authority? We are the legislative branch of this Government. We should act for ourselves, regardless of the action of the President of the United States in exercising his right of veto. [Applause.]

[Here the gavel fell.]

Mr. HARE. Mr. Speaker, I yield myself 21 minutes.

During my eight years service in the House I am glad to report, as this service draws to a conclusion, that I have never found it necessary to question or criticize the motives or the conclusions of any Member when based upon facts and when intelligently expressed.

Mr. UNDERHILL. Will the gentleman yield for a question?

Mr. HARE. Yes.

Mr. UNDERHILL. I would like to ask the gentleman if during his remarks he will define his position as compared with that of the gentleman from New York [Mr. FISH], who yesterday wrote an open letter to the President asking for our interference in Cuba and to-day—

Mr. FISH. I trust that the gentleman will not answer that question, because I wrote no such letter to the President.

Mr. UNDERHILL. And to-day takes the position for independence of the Philippines.

Mr. HARE. I decline to yield further and will not attempt to answer the question, for it has no relation to the subject under discussion.

In view of my opening statement, I desire to say I will not attempt to find fault or criticize the President's message with reference to this proposed legislation. I think it is sufficient to say that the committee took into consideration practically every suggestion he has made, and every question he raised in the message was well considered by the committee before reporting this bill. Therefore, there is nothing in the message whatsoever that has not already received most careful consideration by your committee.

Although one question raised could permit of considerable discussion, nothing would be gained. It will justify only

a passing reference. I refer to the suggestion that the international conditions in the Orient are unpropitious for this legislation. On the contrary, I think this legislation is most propitious at this particular time, because it will prove the good faith in the position our Government has taken for the past 35 years and will strengthen the United States in the eyes of the world for the attitude and position it has taken toward its possession in the Orient for the past three decades.

It will prove conclusively that this country is not one that stops and stammers and hesitates at every little difficulty that arises. It is not one that is scared away from its course by every shadow that might appear; but it proves conclusively that this country has had a policy in view, has had a program in mind, and to-day it will have the courage and the patriotism to execute that program and carry it out in the future just as it has in the past.

Equivocation at this time because there may be some little disturbance in the Orient would be an evidence of weakness instead of an evidence of strength. Why should we hesitate on account of a little international instability in the Orient?

There was international instability in the Orient when we went into the islands 34 years ago, and, if I read the signs aright, there will be instability in the Orient 34 years from now, or longer. So this argument, as advanced, is no reason why we should hesitate or equivocate about our action or deviate one iota from the course that was mapped out for us by those men who stood in this Chamber and the Chamber at the other end of the Capitol and the man who stood in the White House 34 years ago when we assumed this problem and said we would solve it in due course of time. Whether they will be able to successfully meet and solve external problems that may arise following their independence is a matter we are not called upon to determine in its completeness at this time. Certainly, it is a problem in which we are and will be vitally interested, but is not one that should be the determining factor in discharging our present obligations. The provisions of sections 11 and 13, if carried out according to the purposes and intention of the act, should relieve any apprehension as to the future relationship between the Philippine Islands and other countries, including the United States.

The President does not say in his message that the Filipinos are not prepared to establish a stable government, but without giving any facts for his conclusions simply states that they are not financially or politically able to maintain it. Of course, this statement could be made with reference to the people of any nation, particularly at this time when they seem to be facing bankruptcy from the standpoint of finances, as well as leadership. As a matter of fact, the Philippine Islands, from this latter standpoint, are in as good or better position to carry on than many of the recognized leading nations of the world. It may be well at this time to refer to some of the undisputed testimony touching this phase of the subject when the soundness of Philippine currency was persuasively demonstrated at the hearings before our committee last February. On December 31, 1930, according to the testimony, the total net circulation of insular currency was \$108,000,000. The several forms of this currency and the amount of each were: Treasury certificates, \$71,000,000; Philippine silver coin, \$20,000,000; bank notes, \$16,000,000. By way of guaranty for this circulation there was as of October 31, 1931, a gold standard fund of \$38,000,000 divided thus: \$10,000,000 in Philippine currency and \$7,000,000 in United States currency deposited in the Philippine treasury, and \$20,000,000 in gold currency in several Federal reserve banks in the United States.

The law of 1903 requires that the gold standard fund shall be at all times not less than 15 per cent nor more than 25 per cent of the total or available circulation of Philippine currency. The \$38,000,000 gold-standard reserve is, therefore, \$16,000,000 in excess of the legal requirement on the basis of actual circulation.

The treasury certificates in circulation on December 31, 1930, were backed, more than dollar for dollar, by a reserve taking the form of American currency and held in Federal

reserve banks in the United States. On the date given this reserve was \$81,000,000—that is \$10,000,000 larger than the aggregate of treasury certificates. In addition to this reserve, there are \$13,000,000 in the treasury of the Philippine Islands behind these certificates. Of this sum \$3,700,000 is in American currency, the remainder in Philippine silver coins.

It was pointed out that the operation of the act of 1903 requiring these protective reserves behind the Philippine currency makes it one of the most dependable currencies in the world to-day. While there is no provision for gold reserves in the islands, an equivalent is supplied by the backing of gold currency in the United States. The stability of the Philippine currency is thus made as safe and stable as American currency. The fact that despite the present depression Philippine currency remains at par with the American gold dollar is evidence of its soundness. And it should be stated that the financial administration of the Philippines is directed by Filipinos.

NATIONAL WEALTH AND TRADE

The Secretary of War reports that in 1930 the trade of the Philippines with the United States and foreign countries aggregated \$512,520,162, a decrease of about 17.8 per cent from that of 1929. The insular collector of customs, in his report, gives the value of imports as \$266,334,255. The balance of trade in favor of the islands was \$20,148,348. The bulk of the overseas trade was with the United States. The total of this was \$367,050,179 and its proportion of the entire foreign commerce of the islands 72 per cent. Of the whole volume of trade with the United States \$156,366,057 represents imports and \$210,684,122 exports. The balance in favor of the islands, accordingly, was \$54,318,065.

Since 1909, when free trade with the United States was established, the insular trade with the United States has risen from \$10,576,682, equal to 16 per cent of their entire foreign commerce, to \$367,050,179, or 72 per cent, in 1930.

It is natural that the domestic industries and foreign commerce of the islands should enlarge in keeping with the increase in population. There were only 4,500,000 Filipinos in 1866 and about 7,500,000 in 1893. The Philippines are rich in many products which the world needs. The national wealth is estimated at \$5,905,085,000 (1927), or \$478 per capita. If independence be bestowed on them, the Filipino people will begin their separate existence with a greater patrimony than was possessed by many of the peoples who recently have joined the ranks of sovereign nations.

INSULAR BUDGET

At a time of universal depression, when most nations, large and small, are beset with fiscal difficulties, the government of the Philippines is in a sound financial condition. This statement is corroborated by the report of the insular auditor. From the exhibits left with the committee it appears that the Philippines not only have succeeded in balancing their budget but, in fact, had accumulated a small surplus last year when hearings on the bill were being held. The present finances of the government, while suffering from reduced revenues due to current depression, are nevertheless in a very satisfactory condition. A balanced budget is being maintained. And I think it should be said here and now that in order to bring this about government expenses, without abandonment of essential government services, were courageously reduced at the recent session of the Philippine Legislature. The budgetary system was adopted in the Philippine Islands before it became operative here. However, in view of the present reputation of our Budget system, I can not say that it speaks very complementarily for the Philippines. Nevertheless, it was urged by the proponents for independence in the presentation of their views to the committee that this wise stewardship of the insular revenues evidences the ability of the Filipinos to manage one of the most difficult departments of government in one of the worst financial dislocations of recent years.

I submit these observations as a partial basis for the conclusion I have reached with reference to the financial ability of the Filipinos to maintain and support the institutions of their government.

I find that I am compelled to disagree with the President in his suggested plan for developing economic independence in the islands. In the first place, he says that 10 years is too short a period. In the second place, he suggests that the procedure to be followed is to place the tariff or limitation on Philippine exports. I think 10 years is sufficiently long a period in which to make the necessary adjustments, but I am sure economic independence during this period or even a much longer period can not be developed by destroying their market and decreasing the total production of their staple products or crops.

He seems to lose sight of the policy established by Congress and his predecessors in power where a free-trade policy has prevailed for many years on the theory that by such a policy the economic stability of the islands will be assured. But according to the theory advanced in his veto message, economic independence or economic stability can be obtained not by a free-trade policy but by imposing such tariff and limitations that will compel them to find markets for their products in other countries. He seems to go on the theory that we can assist these people in developing economic independence by destroying or taking away from them existing markets and their products. Of course, such procedure would be absurd.

The President suggests further that the passage of this bill was prompted by certain American agricultural industries that seemed to be suffering from competition by Philippine products. He seems to depreciate the idea that any selfishness whatever should enter into the consideration of this matter. In this latter thought I agree with him thoroughly. However, he proceeds at once to find objection to the bill on the ground that during the first two years it gives no protection of any kind to agriculture. That is, in one statement he insists that self-interest should play no part in the consideration of this bill, whereas in the next statement he finds fault with the bill because it does not give greater protection to agriculture during the next year or so. He again loses sight of the fact that by his veto message he, in effect, is insisting that the present arrangement continue indefinitely, which does not afford agriculture any protection whatever from competition with Philippine products.

Without reciting any facts or reasons for his statement, the President states, in effect, that there is such economic instability in the islands that if independence were granted economic chaos would immediately follow. It is an easy matter to make this statement, but I think the President should have given us the facts and reasons upon which he based this conclusion. Of course no one can foresee or tell just what the conditions will be following the withdrawal of sovereignty, but I do not believe there will be economic chaos, and I will give only one illustration that came to my attention during my recent visit to the islands in support of my conclusion.

I was told by representative Filipinos that the Philippine government in 1910, or thereabouts, issued approximately \$20,000,000 worth of bonds and used the proceeds to purchase a large area of land, known as the Friar Lands. The property was subdivided into small tracts and sold to farmers on the amortization plan for a period of 20 years. I was advised further that upwards of 95 per cent of the farmers paid for their lands and that the bonds were all retired in 1930. I could not refrain from thinking of our own experiences since an inauguration of a somewhat similar policy about 15 years ago when we established the Federal land-bank system; and, in view of the experiences which have followed, I wondered whether there is greater economic stability among the farmers of the United States or the farmers of the Philippine Islands.

Mr. Speaker, this measure has not been hastily considered. For the past eight years your Committee on Insular Affairs has had hearings in every Congress. Thousands of pages of testimony have been submitted and written and brought to the attention of the Members of the Congress. All of this testimony has tended to show that the obligations we assumed, or the responsibilities placed upon us 30 years ago, are now ready to be discharged. We said to the Filipino

people, "As soon as you are ready or prepared to establish a stable government, we will grant you independence."

There has not been an argument made here to-day, and there is not an argument in the President's message that contradicts the statement that the Filipino people are prepared to establish and maintain a stable government. If this be true, there is but one course for us to follow and that is to discharge the obligation we assumed and fulfill the responsibility that was thrust upon us.

Let us stop for just a moment to see whether or not they are politically prepared to establish and maintain a stable form of government. Since 1916 they have had the right to elect their own legislature, to choose their own members of the house, to choose their own members of the senate, and they have done so regularly and, according to the evidence, in an orderly way. The elections in the Philippine Islands for the past 16 years, according to the evidence before our committee, have been just as orderly as those in the United States.

They have set up a government quite similar to that of our own country. They have a secretary of agriculture, a secretary of finance, corresponding to our Treasury Department; they have a secretary of justice, corresponding to our Department of Justice; they have a secretary of interior and labor and a secretary of public works and communications, corresponding to the Office of the Supervising Architect and the Post Office Department. These secretaries are all appointed by the Governor General, with the advice and consent of the senate. These men are Filipinos and these offices have been filled by Filipinos for years; and, according to the annual report of Governor General Stimson for 1930, "the secretaries here conducted the affairs of their departments with diligence, intelligence, and courage."

When we examine their schools, colleges, universities, and hospitals we find, as I said here a few days ago, they are equal in equipment to those in this country.

When you look at these institutions you can not help but be impressed with the idea that they are capable of setting up and maintaining a government of their own, for these institutions—schools, colleges, universities, and hospitals—are not the product of an ignorant, selfish, and poverty-stricken people. You have never found in history a people who were ignorant, people who were poverty stricken, or a people who were selfish that established or maintained institutions similar to those I have described. Whenever you find schools, whenever you find colleges, whenever you find churches, universities, hospitals, and public buildings similar to those that you find in the Philippine Islands to-day, and in every Province thereof, you will find it is the product of intelligence, it is the product of established leadership; yes, it is the product of unquestioned economic stability. If you admit the facts as I have stated them, you can not escape the conclusions. There is no room for argument in this matter.

Mr. BACON. Will the gentleman yield for a question?

Mr. HARE. Yes.

Mr. BACON. Let us assume that everything the gentleman states is completely true; would it not be better in freeing the Philippine Islands to assure them forever free trade with the United States, so that they could maintain their independence and maintain an economic situation, so that when we turn them free we do it without considering sordid or selfish motives?

Mr. HARE. I do not know that anybody expects such a consideration. I do not think the Filipinos themselves would expect it. When they get their freedom they hope to be absolutely free and independent, economically, politically, socially, and otherwise, and I can not think that it would be the policy of this country or this Government to maintain a free-trade relationship with any foreign country without maintaining a similar relationship with all countries.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. HARE. Yes.

Mr. WILLIAM E. HULL. I was very much interested in what the gentleman said about the colleges and about the

various secretaries in the Philippines. I am just wondering whether the gentleman's committee has made a thorough investigation of the capabilities of all of the population in order to determine what percentage is capable of self-government.

Mr. HARE. We did not make an estimate.

Mr. WILLIAM E. HULL. Are they highly enough educated throughout all the provinces to vote intelligently?

Mr. HARE. I may say for the gentleman's information that they have only male suffrage in the islands. At the last election, with a population of 13,000,000 people, they cast a total of about 1,000,000 votes.

In other words, about 1 ballot out of every 13 persons was polled in the Philippine Islands at the last election. It demonstrates and shows clearly that the people of the islands are not only interested in political and civic obligations but are prepared to discharge them in an intelligent and orderly manner.

Mr. WILLIAM E. HULL. That is a little better ratio than you have in South Carolina. [Laughter.]

Mr. HARE. It may be, and yet we are recognized as being capable and intelligent enough to administer our own affairs. [Laughter.]

Mr. GARBER. What has the gentleman to say about the judiciary in the Philippine Islands?

Mr. HARE. They have a supreme court, consisting of 9 judges—5 Americans and 4 Filipinos.

Mr. BULWINKLE. Will the gentleman yield?

Mr. HARE. I yield.

Mr. BULWINKLE. In answer to the observation of the gentleman from Illinois, when he said that the vote was a better proportion than they had in South Carolina, the gentleman means in the general election and not in the primary, when your vote is heavy.

Mr. HARE. I should have mentioned that there is quite a big difference between the number of votes polled in our primaries and general elections.

Mr. LOZIER. Will the gentleman yield?

Mr. HARE. I yield.

Mr. LOZIER. Is it not true that there is no Latin-American republic with as large a percentage of citizenry as the Filipinos have in the Philippine Islands?

Mr. HARE. That is correct, for I am sure the gentleman would not have asked that question unless he was sure that it is true. I think we have done a wonderful job in the Philippine Islands. I think they are capable of establishing and maintaining a stable government. I think, too, that Providence may have had something to do in directing the affairs of our country when we took charge of the islands years ago.

It has been shown that over 90 per cent of the people in the Philippine Islands are Christians. They are only a 3-day journey from China and India, where Christianity does not prevail. I confidently look to the time when it can be said that the Filipinos have Christianized the oriental countries of the world. [Applause.]

I wish to refer again to their political capacity or stability. As I have already said, the people elect a legislature. They make their own laws. Of course, the Governor General has a veto power, but they have managed their affairs for the past 15 years quite successfully.

A few months ago, when I visited the islands, the legislature was in session. I knew there was some depression in the islands. I knew their budget was unbalanced. I knew their revenues were not sufficient to pay the governmental expenses if continued on the basis of last year.

What did these men do? They did not look for new sources of revenue. They did not increase taxes. They called on their secretary of finance and found out what would be the probable revenues for next year, and then the house and senate by resolution reduced the government expenses to meet the revenues.

The thought came to my mind that the Congress of the United States would do well to emulate their example; that is, we should have the courage and manhood to call on the Secretary of the Treasury for an estimate of the Federal

revenues for next year and then reduce the Government expenditures to meet that revenue. The action of the members of the legislature demonstrated the political stability of the islands and that they had courage sufficient to show that they are able to regulate and operate their own political affairs.

Now, the President in his message referred to the non-Christian races among the people of the Philippine Islands.

Mr. WELCH. Will the gentleman yield?

Mr. HARE. I yield.

Mr. WELCH. Is it not a fact that the non-Christian inhabitants of the islands, which are the Moros, are reconciled to Filipino independence?

Mr. HARE. I visited the Moros, and while I did not talk with all of them, I talked with some of the leaders, and all those I talked to said that they are in favor of independence.

Mr. WELCH. Their representatives in the Philippine Legislature voted for independence, did they not?

Mr. HARE. The gentleman is correct; the representatives of the Moros in the legislature unanimously voted for a resolution asking for independence.

Mr. WELCH. And that is contrary to the impression conveyed in the President's message this morning, is it not?

Mr. HARE. Yes; I think that is correct.

The SPEAKER. The time of the gentleman from South Carolina has expired. All time has expired.

Mr. HARE. Mr. Speaker, I move the previous question. The previous question was ordered.

The SPEAKER. The question is, Will the House, on reconsideration, pass the bill, the views of the President to the contrary notwithstanding? The Clerk will call the roll.

The question was taken; and there were—yeas 274, nays 94, answered "present" 1, not voting 57, as follows:

[Roll No. 141]

YEAS—274

Adkins	Crowe	Haines	McClintic, Okla.
Allgood	Crump	Hall, Ill.	McCormack
Almon	Culkin	Hancock, N. C.	McDuffie
Amie	Cullen	Hare	McGugin
Andrews, N. Y.	Davis, Tenn.	Harlan	McKeown
Arnold	Delaney	Hastings	McMillan
Auf der Heide	De Priest	Haugen	McReynolds
Ayres	De Rouen	Hill, Ala.	McSwain
Bachmann	Dickinson	Hill, Wash.	Maas
Bankhead	Dies	Hoch	Major
Barbour	Dieterich	Hogg, Ind.	Maloney
Barton	Disney	Hogg, W. Va.	Manlove
Beam	Dominick	Holaday	Mansfield
Beedy	Douglas, Ariz.	Hope	May
Black	Douglass, Mass.	Howard	Mead
Bland	Dowell	Huddleston	Michener
Blanton	Doxey	Jacobsen	Milligan
Bloom	Drane	James	Mitchell
Bolleau	Drewry	Jeffers	Mobley
Boland	Driver	Johnson, Mo.	Montet
Bowman	Dyer	Johnson, Okla.	Moore, Ky.
Boylan	Ellzey	Johnson, Tex.	Moore, Ohio
Brand, Ohio	Englebright	Jones	Morehead
Briggs	Erk	Kading	Murphy
Browning	Eslick	Kahn	Nelson, Mo.
Brunner	Evans, Calif.	Keller	Norton, Nebr.
Buchanan	Evans, Mont.	Kelly, Pa.	Norton, N. J.
Bulwinkle	Fernandez	Kemp	O'Connor
Burch	Fiesinger	Kennedy, Md.	Oliver, N. Y.
Burness	Fish	Kerr	Overton
Busby	Fishburne	Ketcham	Palmisano
Campbell, Iowa	Fitzpatrick	Kinzer	Parker, Ga.
Campbell, Pa.	Flannagan	Kleberg	Parks
Cannon	Flood	Kniffin	Parsons
Carden	Frear	Kopp	Patman
Carter, Calif.	Free	Kunz	Patterson
Cartwright	Fuller	Kvaie	Peavey
Cary	Fulmer	LaGuardia	Perkins
Castellow	Gambrell	Lambertson	Pettengill
Celler	Garber	Lambeth	Pittenger
Chapman	Gasque	Lamneck	Polk
Chavez	Gavagan	Lanham	Pou
Christgau	Gifford	Lankford, Ga.	Prall
Clark, N. C.	Gilbert	Lankford, Va.	Ragon
Cochran, Mo.	Gilchrist	Larrabee	Rainey
Cole, Md.	Gillen	Larsen	Ramspeck
Collier	Glover	Lea	Rankin
Collins	Goldsborough	Leavitt	Rayburn
Colton	Granfield	Lichtenwalner	Reid, Ill.
Condon	Green	Lindsay	Reilly
Connery	Gregory	Loneragan	Robinson
Cooper, Tenn.	Griffin	Loofbourov	Rogers, N. H.
Cox	Griswold	Lovette	Romjue
Cross	Guyer	Lozier	Sabath
Crosser	Hadley	Ludlow	Sanders, Tex.

Sandlin	Spence	Taylor, Tenn.	Williams, Tex.
Schafer	Steagall	Thomason	Williamson
Schnelder	Stevenson	Thurston	Wilson
Schuetz	Strong, Kans.	Tierney	Wingo
Seger	Summers, Wash.	Timberlake	Withrow
Selvig	Summers, Tex.	Turpin	Wolcott
Shallenberger	Sutphin	Vinson, Ga.	Wolverton
Shannon	Swank	Vinson, Ky.	Wood, Ga.
Sincia'r	Swanson	Warren	Woodruff
Sirovich	Sweeney	Weaver	Woodrum
Smith, Va.	Swing	Welch	Wright
Smith, W. Va.	Taber	West	Yon
Somers, N. Y.	Tarver	Whittington	
Sparks	Taylor, Colo.	Williams, Mo.	

NAYS—94

Aldrich	Cooper, Ohio	Knutson	Sanders, N. Y.
Andresen	Coyte	Kurtz	Shott
Andrew, Mass.	Crowther	Lehlbach	Shreve
Arentz	Darrow	Luce	Snell
Bacharach	Davis, Pa.	McClintock, Ohio	Snow
Bacon	Eaton, Colo.	McFadden	Stafford
Beck	Estep	Magrady	Stalker
Biddle	Finney	Mapes	Stokes
Bolton	Foss	Martin, Mass.	Strong, Pa.
Britten	Freeman	Martin, Oreg.	Stull
Brumm	French	Millard	Swick
Burdick	Goss	Mouser	Temple
Cable	Hall, N. Dak.	Nelson, Me.	Thatcher
Cavicchia	Hancock, N. Y.	Niedringhaus	Tinkham
Chase	Hardy	Nolan	Treadway
Chindblom	Hess	Parker, N. Y.	Underhill
Chiperfield	Hollister	Partridge	Wason
Christopherson	Holmes	Person	Watson
Clague	Hooper	Pratt, Harcourt J.	Weeks
Clancy	Hopkins	Pratt, Ruth	White
Clarke, N. Y.	Houston, Del.	Purnell	Whitley
Cochran, Pa.	Hull, William E.	Ransley	Wigglesworth
Cole, Iowa	Jenkins	Rich	
Connolly	Johnson, S. Dak.	Rogers, Mass.	

ANSWERED "PRESENT"—1

Reed, N. Y.

NOT VOTING—57

Abernethy	Davenport	Horr	Rudd
Allen	Dickstein	Hull, Morton D.	Seiberling
Baldrige	Doughton	Igoe	Simmons
Boehne	Doutrich	Johnson, Ill.	Smith, Idaho
Bohn	Eaton, N. J.	Johnson, Wash.	Stewart
Brand, Ga.	Fulbright	Kelly, Ill.	Sullivan, N. Y.
Buckbee	Gibson	Kennedy, N. Y.	Sullivan, Pa.
Byrns	Golder	Lewis	Underwood
Canfield	Goodwin	McLeod	Wolfenden
Carley	Greenwood	Miller	Wood, Ind.
Carter, Wyo.	Hall, Miss.	Montague	Wyant
Cooke	Hart	Nelson, Wis.	Yates
Corning	Hartley	Oliver, Ala.	
Crall	Hawley	Owen	
Curry	Hornor	Ramseyer	

So, two-thirds having voted in favor thereof, the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Reed of New York and Mr. Boehne (override) with Mr. Davenport (sustain).
 Mr. Corning and Mr. Rudd (override) with Mr. Golder (sustain).
 Mr. Crall and Mr. Dickstein (override) with Mr. Eaton of New Jersey (sustain).
 Mr. Baldrige and Mr. Kelly of Illinois (override) with Mr. Johnson of Washington (sustain).
 Mr. Miller and Mr. Buckbee (override) with Mr. Wolfenden (sustain).
 Mr. Curry and Mr. Carley (override) with Mr. Wood of Indiana (sustain).
 Mr. Sullivan of New York and Mr. Kennedy of New York (override) with Mr. Cooke (sustain).
 Mr. Hart and Mr. Doughton (override) with Mr. Gibson (sustain).
 Mr. Montague and Mr. Stewart (override) with Mr. Johnson of Illinois (sustain).
 Mr. Oliver of Alabama and Mr. Byrns (override) with Mr. Wyant (sustain).

Until further notice:

Mr. Greenwood with Mr. Allen.
 Mr. Lewis with Mr. Hartley.
 Mr. Underwood with Mr. Carter of Wyoming.
 Mr. Hornor with Mr. McLeod.
 Mr. Abernethy with Mr. Doutrich.
 Mr. Igoe with Mr. Yates.
 Mrs. Owen with Mr. Hawley.
 Mr. Canfield with Mr. Goodwin.
 Mr. Hall of Mississippi with Mr. Horr.
 Mr. Fulbright with Mr. Ramseyer.
 Mr. Brand of Georgia with Mr. Nelson of Wisconsin.
 Mr. Bohn with Mr. Smith of Idaho.
 Mr. Seiberling with Mr. Morton D. Hull.

Mr. BROWNING. Mr. Speaker, my colleague, Mr. BYRNS, of Tennessee, is absent on account of illness. If present, he would have voted "yea."

Mr. OLIVER of Alabama. Mr. Speaker, I was in the committee room doing some work and did not hear my name called on that account. I would have voted "yea" had I been present.

Mr. LEWIS. Mr. Speaker, I just entered the hall as the roll was being concluded. I would have voted "yea" if I had been on time.

The result of the vote was announced as above recorded.

Mr. WOODRUFF. Mr. Speaker, I ask unanimous consent that the Resident Philippine Commissioner [Mr. GUEVARA] may be permitted to address the House for five minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. GUEVARA. Mr. Speaker, it is my privilege to remind the American people through their Representatives in this House, that on the 13th day of August, 1898, 34 years ago, the Spanish Army in Manila surrendered to the American Army, which date marked the United States occupation of the Philippines, and now, on the 13th day of January, 1933, the American people, through their Representatives in this House set free the Philippine Islands. What is the meaning of these two historical dates? The meaning is that the United States went to the Philippines, not for the purpose of conquest, not for exploitation, but for the liberation of the Filipino people. The action of the people of the United States to-day, through their Representatives, is a most emphatic warning to the world that they can no longer conquer weak peoples. This action will be also a warning to the world that no nation, no matter how powerful she may be, can subject any people against their will.

Mr. Speaker, I wish to take advantage of this opportunity to convey to the American people the gratefulness of the Filipinos for the generous action just taken by their constitutional representatives in this House. I wish to acknowledge publicly the great and wonderful work of the Committee on Insular Affairs, specially of its chairman, the gentleman from South Carolina [Mr. HARE], who has devoted all his time to this important question during his service in this House. He went to the Philippines at a great political sacrifice to study conditions as they were in the islands in order that he may be able to properly discharge the duties and responsibilities of his office. The Filipino people will never be able to repay his efforts and sacrifices on behalf of their cause, which is also the cause of the American people. I can not find proper words to express the gratitude of the Filipino people to the gentleman from South Carolina [Mr. HARE], but I can only express it through the language of the heart and say many, many thanks to him.

Permit me also to convey to this House the gratitude of the Filipino people, which I say both to Republicans and Democrats for their altruistic stand on the Philippine independence question. I am sincerely convinced that those who were for as well as those against this bill were only moved by the highest motives and friendly spirit toward the Filipino people.

Let me also express the opinion that the action taken to-day will strengthen the good relations existing between the people of the United States and the people of the Philippine Islands. It will bring home to the people of the Philippines that the American people have no other desire but the prosperity and happiness of the Filipinos. [Applause.]

The relationship between the United States and the Philippine Islands as established by this bill just passed by the House will be founded upon new grounds. It will be founded upon friendship, confidence, and upon the definite aims of the American people not to exploit the Filipinos or to subject them, but on the contrary to give them every opportunity to promote their welfare and their capacity for self-government. Mutual and friendly understanding between Americans and Filipinos are permanently established by this bill.

When the new government provided in this bill is established in the Philippine Islands, it might prove satisfactory to both Americans and Filipinos that I foresee the day when in common accord they might agree upon the con-

tinuation of the political relationship between the two countries for their mutual benefit. [Applause.]

We need each other, and we can be helpful to each other if we develop a proper and friendly understanding between us. I am mindful of the international affairs in the Far East. But I am confident that with America's leadership no nation, no matter how powerful she may be, will dare to adopt as its national policy the policy of conquest and domination of weak and defenseless peoples.

The action just taken by this House is a warning to the world that the age of conquest and domination of peoples against their will belong to the past. They will never come back without arousing the animosity of public opinion of the world. Some nation might challenge it temporarily, but in the long run the challenger will follow the fate of the vanquished nations.

Small as it is, the Philippines, and inhabited only by 13,000,000 people at present, I can assure you that the action of this House to-day will make the Filipinos ever loyal, ever faithful and grateful to your greatest and most powerful Republic. [Applause.]

THE UNITED STATES MARINE CORPS

Mr. MAAS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. MAAS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by myself over the Columbia Broadcasting System Wednesday, January 11, 1933:

To-day there are fewer American marines than there are policemen in Greater New York City, and yet the President's Budget estimates submitted to Congress recently call for a reduction of 1,743 of them, or from 15,843 to 13,600. If the reduction is made, the marines will have lost a quarter of their strength within less than three years; their morale and esprit de corps will be seriously injured, and there will not be a sufficient number of marines to perform the duties required of them. So if Congress does not use common sense and reject this Executive recommendation, the marines practically will be rendered useless as an instrument of national defense.

And this morale and esprit de corps I have just mentioned is more than a mere phrase. It represents a vital part of the growing soul of America. It is part of that element of our country that stirs the emotional and patriotic centers of all Americans. It is something that can not be built up except through loyalty, courage, and a long period of time. It can not be bought because it is priceless. It has taken the American marines 157 years to build it up, and yet right now in the year 1933 it is proposed to cast it aside as if it were an old glove. No one would think of melting up the Liberty Bell to get a few paltry dollars, would they?

In one year American citizens have spent six times as much for soft drinks and candy as was spent for all military purposes. In one year Americans spent four times as much for tobacco as was spent for military purposes. And I could go on with other similar illustrations, including the fact that the Government itself appropriates hundreds of millions of dollars for activities whose value to the country is, at best, doubtful. Congress must realize before it is too late our Army, Navy, and Marine Corps have been reduced to the irreducible minimum.

One has only to think back to the Boston police strike and the attendant rioting to understand that a government is no stronger than its national defense. There is no police force, city or State, that could stand the pressure to-day without the knowledge among the citizenry that behind the police is always the loyal, courageous Army, Navy, and Marine Corps. And I invite every Member of Congress to remember that they consider what the strength of the Marine Corps will be if this reduction should be put into effect.

Last December 16, only a few days ago, was one of the most historic days in the annals of the Navy or the Marine Corps, for on that day the entire Navy testified as they never testified before to the irreplaceable value of its marines.

If any of you have any misconceptions as to the Navy's regard for the marines, let me tell you that you missed part of your education by not being present and hearing the praise and appreciation given to them by Secretary of the Navy Adams; Chief of Naval Operations, Admiral Pratt; chairman of the Navy General Board, Admiral Chase; Chief of the Bureau of Navigation, Admiral Upham; Chief Coordinator of the Government, Admiral Craven; and others. And to make it unanimous, Admiral Laning, president of the Naval War College, added his approval to these views. When those officers, the highest civilian and naval officers of the Government, finished talking, there was left no doubt in anyone's mind but that the marines should be increased in number rather than decreased at this time.

Let that sink in deeply—the Navy needs and wants at least 15,343 marines and as many more as Congress will give them.

Another feature that these officers brought out was that the Army could not possibly perform the duties that the Navy requires of the marines to-day. Mark you, and mark you well, that conclusion, for there have been whispers and rumors to the contrary. The year 1933 is no different than those several occasions starting with the year 1830 that efforts were made to take the marines from the Navy. Every time the effort was made, the Navy sprang to the defense of her naval Army.

And in this connection let me tell you, as all naval officers will tell you, that the marines are as distinct a kind of fighting men as either the bluejackets of the Navy or the soldier of the Army.

Back in November of 1775, when Continental Congress resolved to create a corps of marines, that august body of patriotic Americans directed George Washington to organize two battalions of American marines out of his army around Boston. And was George Washington dismayed and worried? I will say he was, for he wrote John Hancock, President of Congress, that he could not do so. On November 19, 1775, he informed Congress that to supply the marines would break through the whole system in his army, that had cost so much time, anxiety, and pains to bring into any kind of a tolerable form. Washington explained that this was because the marines must be acquainted with maritime affairs and because for that reason he would have to pick the marines out of the whole army, one from this corps, one from another. He could not select an "intact" regiment of his army to serve as marines; he must carefully select the men, and even after that, intelligent training in naval affairs under naval command would be necessary before a regiment of marines would be available. What a remarkable fact—Washington's entire army would have to be disrupted to obtain two battalions of marines. So Congress relieved Washington of the impossible burden of supplying them and subsequently created them independently.

And the fact that soldiers are not marines has been proved throughout the 157 years that our American marines have fought and died for their country.

As late as 1909 Rear Admiral Cameron McR. Winslow told a committee of Congress the same thing, and then here in December of 1932 we find a unanimous Navy telling Congress through one of its committees the same thing.

The Navy has a need for the marines in both war and peace. In war they carry on all the peace-time duties, which are much increased, and at the same time provide the Navy with mobile forces to accompany the fleets to secure and defend advanced bases and auxiliary shore operations essential to the success of the naval campaign. Let us look at this feature of the marine's work. They performed this mission in every one of the six major wars in which our country has been engaged except the World War. In this last war the naval campaign was such that the marines were not required to secure bases, those being already at our service through the successful naval campaigns of Great Britain, Italy, and France, and so forth. But the marines were ready in case they were called upon for this duty. At any rate, what happened shows not only the versatility but the extreme value of marines from a dollars-and-cents viewpoint. Two brigades of them were sent to serve as Army troops by President Wilson. You have all heard of Belleau Wood. The record of the marines in France is history. General Pershing in his official report wrote that the Second Division of which the marine brigade was an element was deployed across the Chateau-Thierry-Paris road "in a gap in the French line, where it stopped the German advance on Paris." And I could quote many more eminent authorities to the same effect.

I have not the time to tell you of the many times the marines served as Army troops when the Army needed them and the Navy could spare them. At the Battle of Princeton in 1777, at the Battle of New Orleans, and at the Battle of Bladensburg in the War of 1812; in the war against the Indians in 1836 when Brig. Gen. Archibald Henderson, of the marines, commanded the fighting brigade of the Army of the South composed of marines, Regular Army troops, and friendly Indians; in the Mexican War under Gen. Winfield Scott; under Col. Robert E. Lee when John Brown was captured; at the first Battle of Bull Run when the marines ran as fast as any of their Army brethren; in the army of Cuban pacification, 1906-1909; at Vera Cruz in 1914; and in the World War when they won eternal glory for their country and themselves, both with the Army and the Navy on shore, afloat, and in the air.

But the duty with the Army is not the primary mission of the marines, either in war or peace. The fundamental missions are naval missions. I have already mentioned that they serve as a body of troops with the fleet to perform essential shore operations that must be successful if the fleet is to clear the seas of the enemy. And the Washington treaties of 1921 that eliminated our naval bases added to the necessity of having this mobile force of marines in readiness to serve with the fleet. This duty was performed in all the wars, but we can look at the Spanish War for a modern example. In that war a mobile force of marines occupied and defended Guantánamo Bay, which served as a base for Sampson's fleet; and the Navy appreciated the value of that base, if the testimony of Rear Admirals George Dewey, Robley D. Evans, and others is correct.

Strange as it may be for my listeners to hear it, the marines should receive the support of all pacifists, even the most fanatical; for they either prevent wars or shorten wars. There is an old adage that statesmen start wars and marines stop them. Did you know that Admiral George Dewey wrote that if he had had 5,000 marines under his command on May 1, 1898, when he defeated the Spanish fleet in Manila Bay, Manila would have sur-

rendered to him; that the Filipinos would have received the Americans with open arms; and that there would have been no Philippine insurrection that lasted from 1899 to 1904 at a staggering cost of American life and American dollars. Figure up just how much 5,000 marines would have saved our Government.

Another declaration regarding the Spanish War is of value. Rear Admiral Pillsbury, the chief of the powerful Bureau of Navigation, stated that if the Navy had had two or three thousand more marines, the Spanish War would have ceased very much earlier. And "Fighting Bob" Evans tells us that with an adequate force of marines, Habana would have been captured on April 22 or 23, in 1898, after the fleet had reduced its defense. So the Spanish War would not have required the Army at all and would have spared the many ugly situations and terrific loss in life and money that resulted.

If you are not impressed with the fact that our leading naval officers of the time have shown how a few marines would have saved American life and money in the Spanish War and Philippine insurrection, listen to Rear Admiral Walter S. Crosley tell you how one battalion of American marines could have saved Russia to the Allies in 1917. Admiral Crosley, who was on duty in Petrograd when the Kerensky government was in power, cabled to Washington recommending that the battalion of marines at Peking, now called Peiping, China, be sent to Petrograd to serve as a nucleus of a powerful force for order, and which, in his opinion and in the opinion of many others, would have saved the day. Just think of it, one battalion of marines could have prevented the awful debacle in Russia that followed.

In the interest of economy the Marine Corps should remain unimpaired. The marines provide the most efficient and most economical form of our national defense. It is the cheapest force, dollar for dollar and man for man.

Surely, we will not cover our eyes with a penny and lose our most valuable, useful, active, and most economical asset of national defense as are the marines—an outfit that, though part of the Navy for vital duties, still is used as Army troops when they are needed as such. A group of Americans that is fired with as intense a spirit of devotion to flag as ever sent a samurai of Japan to death for his government. A fighting man who serves as infantry, bluejacket, artilleryman, cavalryman, policeman in guarding United States mails, servant of the State Department in carrying out the President's foreign policies, and with it all as a United States marine. The history of the marines is the history of our country.

EXTENSION OF REMARKS—PHILIPPINE INDEPENDENCE

Mr. HARE. Mr. Speaker, I ask unanimous consent that all members have five legislative days in which to extend their own remarks in the RECORD on the question of Philippine independence.

The SPEAKER. Is there objection?

There was no objection.

Mr. MURPHY. Mr. Speaker and gentlemen of the House, this day will be marked in history for the action that has been taken toward giving the Philippine people the ownership and government of their own group of islands. These islands came into the care of the United States through the fortunes of a conflict that we were having with Spain. Our forces did not go upon the high seas for the purpose of capturing or placing in bondage a nation or people. And at the time of this conflict the people of the United States were led to believe that they were fighting to free two nations from the iron heel of oppression, placed there by a cruel oppressor.

How well I remember the splendid promises, made by those in authority in our Government, that as soon as the Philippine people became competent the government of their islands would be turned over to them. More than 30 years have passed since those promises were first made, and yet to-day on the floor of this House we hear gentlemen speak as though no preparation had been made by these people for their own welfare in the way of education and spiritual uplift.

It was my fortune to visit the Philippine Islands a few years ago; and I found the people hospitable, very intelligent, industrious in a marked degree, and hungry for education. Their desire for learning was so apparent that I talked about the same to one of our American professors who had been serving as a teacher in the Philippines for several years. He informed me he had never seen anything like it in his entire teaching experience. Children were hungry for education; and there was no need for a truant officer, because the parents of these children were more than anxious to have their offspring educated, holding always in front of them the dazzling hope that, as their children became educated, the day for the ruling of their own land would be drawing just that much nearer.

So to-day I am happy to have been placed in a position where I can record my vote as the will of the majority of the people I represent; that these people, after thirty-odd years of preparation, are now ready to receive and undertake the responsibility of governing their own islands.

I congratulate the Philippine Commissioners, Mr. GUEVARA and Mr. OSIAS; also the splendid group of Philippine patriots headed by Senator Osmena and many others whose names have escaped me, who have spent much time in Washington presenting their cause in a courteous, intelligent, and forceful way. I am glad, indeed, that the intelligence of the Philippine people has suggested to them the orderly manner they have followed to secure for themselves and their people a fulfillment of the promise for freedom made to them not once but many times by those in authority in our Government.

Mr. GILBERT. Mr. Speaker, I have for years advocated the independence of the Philippine Islands. This House has in previous sessions heard me at length on this important subject. A reference to those remarks will vindicate me from any selfish or materialistic motives. It is true that now at this late hour many selfish interests have aligned themselves with the advocates of this bill purely for selfish reasons, but it is also true that many other interests actuated by motives equally selfish have through the years prevented this legislation.

I am not now influenced in favoring this proposal by any selfish motive which any advocate of the measure may entertain, nor have I been in the past deterred from its advocacy by those who then selfishly opposed it.

This Government was founded and has grown and prospered under the belief that all just governments derived their power from the consent of the governed, and if that ideal was worthy when we sought our independence, it is equally worthy when the Filipinos seek theirs.

For more than 30 years this far-distant territory has been a source of an expense and anxiety to us. They have not benefited us in times of peace, nor can we retain them in times of war.

While there is much opposition to this measure, it comes mostly from those who are least familiar with the situation. Members who have given the matter great study and are familiar with the virtues, ideals, and abilities of the Filipino people usually favor their independence. I have visited these islands twice for the purpose of studying this situation. I was with these people in their homes, on the farms, and in the villages. I know their ability, their industry, and their peacefulness, and feel that I am in a small way, at least, qualified to express an opinion upon this subject.

The President sees the Philippines through the eyes of the War and Navy Departments. Even if their motives were sincere and unselfish, they are not uninfluenced by their militaristic environment. There is no one who ever visited the Philippines who did not come into contact with that same influence, and if he stayed long enough or traveled far enough, who did not realize its prejudice and unfair attitude.

I have read with interest the President's veto message. It contains nothing new and contains nothing but what has been many times discounted. My study of this particular problem has been greater than that of the President's. My opportunity for first-hand, unprejudiced, and accurate information has been greater and, without presumption, I feel that I am better qualified to determine it than he.

Wholly uninfluenced by lobbyists or selfish propaganda, I favor this proposal for the best interest of the people of the United States and ultimately for the best interest of the Filipino people, and as a guide and example to civilized nations everywhere.

Mr. GRIFFIN. Mr. Speaker, I am in favor of independence for the Philippine Islands in any form, in any shape, and at any time. This has been my attitude from the beginning. It is vain now to question their readiness and ability to govern themselves. Admiral Dewey expressed the opinion, shortly after the Battle of Manila Bay, that the Filipinos were more capable of self-government than the

Cubans. If that were true in 1898, surely it is no credit to our tutelage, after a third of a century of American domination, to suggest that they are less cultured or less able to govern themselves now than they apparently were then.

On August 1, 1898, the Filipinos promulgated to the world their declaration of independence. Aguinaldo had the Spaniards hemmed in at Manila, and there was hardly an American soldier on the islands, except those placed by Admiral Dewey in the dockyard at Cavite.

It was our duty then to have recognized their independent status. The intrigues and manipulations which followed to bring about the "sale of the islands" by Spain make up one of the most unpleasant pages in American history. The Spaniards sold something they did not own. The United States, under the treaty of Paris, on August 12, 1898, undertook to accept a faulty title. We launched upon an era of imperialism which was utterly incompatible with our history and traditions. Senator Hoar well said that the imperialist philosophy then inaugurated would make the United States a cheap-jack country, raking after the cart for the leavings of European tyranny.

The relationship of the Philippine Islands to the United States is and always has been an anomaly. There is nothing in our Constitution or in our traditional policy as a nation to justify the holding of another people in bondage.

There are only two relationships permissible among the component parts of our Union; any concession of territory must be held either as a Territory or a State. The Territorial stage is merely one of probation preliminary to and in contemplation of statehood. There is no provision in our Constitution to authorize or justify the maintenance of colonies. If there were, I am sure that after the World War we might have acquired a part of the colonial acquisitions which our allies so greedily grabbed. We rejected that idea and even declined to accept territory offered us under the guise of mandates.

THE CRUCIAL TEST

To test our sincerity, even with ourselves, let us ask this question: Are we willing ultimately to grant statehood to the islands and admit them to equality in our Federal Union?

If we are not willing to admit them to statehood, there is only one thing to be done, and that is to set them free to work out their own destiny.

The President in his message declared that there would be dishonor in relinquishment of the islands. Not so! The dishonor was in their original acquisition, and the dishonor to-day would be their retention, despite the assurances given to them so many times, both by Congress and by our Presidents, that they would be given their independence.

A BIT OF HISTORY

As to the dishonor connected with their acquisition, read the history of the events immediately following Dewey's victory of Manila Bay. (See the *Martial Spirit*, by Walter Millis.)

Briefly, Aguinaldo had established a provisional government and had organized his forces so well that the Spaniards were trapped in the city of Manila. The Filipino Army had completely surrounded the city and its fall was only a matter of time. The Filipinos maintained the siege until General Merritt arrived. A plan was then conceived to save the face of the Spanish general, who professed to believe the Spanish honor would be debased if the Spaniards yielded to the native army. The understanding was that the city would yield if the American Army went through the motions of an attack—a sham attack—which was to be without bloodshed. The advance was accordingly made, but, through some misunderstanding, the attack took on the appearance of a real battle and the defense the appearance of a real resistance. There ensued some delay. Then, suddenly, a few Americans appeared on the walls—they had been let in by the back gates and began signaling to cease firing and enter the city peaceably. This they did, but the Filipino Army was cunningly kept in their trenches, not allowed to enter the city, and denied the honor of joining with the

American Army in the ceremonials attending the formal capitulation of the Spanish Army. The whole transaction was *opéra bouffe* of the most farcical nature and reflected little credit on our Army, our flag, or our Nation.

Dewey, who had committed himself to Aguinaldo, as far as a gentleman was able to do so, was disgusted. He never dreamt that imperialists at home would entertain the thought of seizing the islands, but believed that the next step after his victory and the surrender of the city of Manila would be to recognize the provisional government and help the Filipinos in the establishment of order.

Our tricky acquisition of the islands brought on a rebellion lasting five years, involving the loss of thousands of lives.

Like so many events in history, things evil in themselves, turned out good. The subsequent rule of the islands was benevolent and beneficial to the inhabitants. The Tagalogs and the Moros were pacified in time; schools were established, roads built, sanitary measures were perfected, and the principles of a democratic form of government inculcated, so that, to-day, the legislative system of government in the islands is fairly comparable with those of the most highly civilized peoples in the world.

THE OPPOSITION ANALYZED

I would like to see the terms and conditions in this measure less harsh in their economic discriminations. I believe those vagaries in the bill are inconsistent with the well-established traditions of toleration in our dealings with other nations. But those objections can be met by future legislation. The thing is to get the machinery of independence started.

The economic objections advanced in the veto will right themselves in time. It is preposterous to plead our own economic shortsightedness as an excuse to deny the boon of liberty to a deserving people.

The fear of foreign invasion is also a futile pretense to defeat the bill. I have full faith in the ability of the Filipinos, once granted their independence, to maintain their liberties against all the world.

Much emphasis is placed on the fact that certain selfish American interests favor independence. Conceding that this is true, it can not be denied that there are also other American interests, with large capital invested in the islands, which are just as bitterly, on the other side of the controversy, opposing independence. Both sides in that controversy should be ignored. The question presented to-day to the American Congress involves a wholly moral and idealistic issue, entirely separate and distinct from the sordidness of conflicting selfish interests.

We are called upon by our consciences to make good the pacts of Presidents McKinley, Taft, and Wilson. We gave a promise and we must keep it.

Those who talk of dishonor have short memories. The dishonor lies in holding the Filipinos against their will.

Instead of reflecting on our national prestige, our act to-day, in overriding the President's veto, will forever enhance the glory and reputation of our Nation.

ARMY APPROPRIATION BILL

Mr. WRIGHT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 14199) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1934, and for other purposes.

Mr. SNELL. Mr. Speaker, pending that motion, when the original consent was given to limit general debate until 4 o'clock this afternoon it was expected, of course, that we would have the full time of about three hours and a half for general debate, but two of these hours have been taken out. I wish the gentleman would modify his unanimous-consent request and allow the general debate to go over until tomorrow and then limit it sometime after we begin to-morrow.

Mr. WRIGHT. I have no objection to that. Mr. Speaker, I ask unanimous consent that the order of the House this morning respecting the time for general debate be vacated.

The SPEAKER. The gentleman from Georgia [Mr. WRIGHT] asks unanimous consent to vacate the proceedings by which general debate on the bill was ordered, and the general debate limited to the bill on to-morrow.

Is there objection?

Mr. WRIGHT. Mr. Speaker, I ask to modify that request to state that only two hours on to-morrow will be applied to general debate.

Mr. SNELL. That will be satisfactory. There is no objection to that.

The SPEAKER. The gentleman from Georgia [Mr. WRIGHT] asks unanimous consent that the order by which general debate was limited to the bill to-morrow be vacated, and that general debate be continued to-day and for two hours to-morrow, the debate thereafter to be confined to the bill, the time to be equally divided between the gentleman from Mississippi [Mr. COLLINS] and the gentleman from California [Mr. BARBOUR].

Is there objection?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Georgia [Mr. WRIGHT].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 14199, the War Department appropriation bill, with Mr. DRIVER in the chair.

The Clerk read the title of the bill.

Mr. BARBOUR. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, with all due apologies to the members of the Committee of the Whole, I propose to read a little poetry for the edification of the House. I apologize in advance to other so-called poets if I say anything that they may take exception to in the way of poetry.

Mr. BANKHEAD. Will the gentleman yield?

Mr. FISH. I yield.

Mr. BANKHEAD. Is this the gentleman's own poetry that he intends to read?

Mr. FISH. This is a bedtime story by the present speaker, myself. It is entitled "Death and Burial of Cock Robin—the Sales Tax." The gentleman from Alabama is included in the poetry if he will refrain a moment.

Who killed the sales tax?

"I," said Franklin D. Roosevelt,
"Because of the horror I felt,
I killed the sales tax."

Who saw it die?

"I," said GARNER, "at our little parley,
Along with RAINEY, COLLIER, and MOLEY,
I saw it die."

Who caught the blood?

"We," said JOE BYRNS and JOHN McDUFFIE,
"With political expediency, tried and trusty,
We caught its blood."

Who made its shroud.

"I," said BOB DOUGHTON,
"Out of Carolina cotton,
And I made its shroud."

Who shall dig its grave?

"We," said the Democrats,
"We know what we are at,
We shall dig its grave."

Who'll be the parson?

"I," said SAM RAYBURN,
"If it gives me heartburn,
And I'll be the parson."

Who'll carry it to the grave?

"I," said BILL BANKHEAD,
"If it sends me to bed,
I'll carry it to its grave."

Who'll be chief mourner?

"I," said CRISP, of Georgia,
"I still love my pandora,
And I'll be chief mourner."

Who'll sing a psalm?

"I," said JOHN RANKIN,
"With a veteran contraption,
And I'll sing a psalm."

Who'll be the clerk?

"I," said ROBERT A. GREEN,
"To avoid being seen,
And I'll be the clerk."

Who'll make the point of order?

"I," said TOM BLANTON,
"To avoid further confusion,
I'll make the point of order
(That the sales tax is dead)."

And who'll toll the bell?

"I," said JIM FARLEY,
"Because of my party."
And so, sales tax, farewell.

From far and near, all the Democrats
Fell a-sighing and a-sobbing
When they heard the bell tolling
For poor cock robin, the sales tax.

[Applause.]

Mr. BLACK. Will the gentleman yield?

Mr. FISH. No; I would rather continue.

Mr. BURTNESS. Did the gentleman overlook Mr. Hearst?

Mr. FISH. Oh, there are many others that I overlooked. It was a question of time, that is all. There are many other deserving Democrats over here who were necessarily overlooked.

Mr. Chairman, it seems to me the main issue before the country and before the House and the American people is the balancing of the Budget. Only in the last session the distinguished Speaker of this House took the floor and made a very able and courageous speech from the well, stating to his Democratic colleagues that they must balance the Budget. We have dragged along and drifted along now for over a month during this short session of Congress. We have six weeks remaining before March 4, and at the present time if the statements of the various Democratic leaders indicate anything they indicate that the Democrats have almost given up hope of balancing the Budget. I say to you, and I think almost everyone in the country agrees, that that should be the main objective of this Congress, and is the main duty of this Congress—to balance the Budget, to restore confidence, and to try to revive business in our own country. The question is, How can we balance the Budget? No matter whether we like it or not—and most of us did not like it three or four years ago and we do not even like it now—I submit without fear of contradiction that the only way to balance the Budget is through a sales tax. We are in the midst of national emergency, in an economic crisis far more serious than that during the World War or at any other time, possibly, since the Civil War, in the history of our country.

The Republicans and Democrats have a joint responsibility to try to restore confidence in the country, and we can not restore confidence in business or industry unless the Budget is balanced, unless the credit of the United States is maintained above any question of suspicion. I say to you—although I do not like to predict anything, because I know it is dangerous; I know how dangerous it is for any Member of this House or any politician to venture any prediction whatsoever—that if you do not adopt the sales tax in this session of the Congress and fail to balance the Budget you will be compelled to take it in the next session of Congress under a Democratic President, when both branches of the Congress will have huge Democratic majorities.

Mr. BLANTON. Will the gentleman yield for a question?

Mr. FISH. No. I do not have time. I am willing to make a confession as a Republican, a double confession: First, that I opposed the sales tax a few years ago. I opposed it when Mr. Hearst asked the Members of Congress to go to Canada and see how it worked there, because I did not believe we needed a sales tax at that time. We were able to get sufficient money to run the Government through income taxes, inheritance taxes, the tariff, and so forth; but, unfortunately, conditions have changed. We must be prepared to make any sacrifice; and this is one of the sacrifices that we will be forced to make in order to balance the Budget. I also am compelled to confess that I was one of those misguided Republicans who applauded the then

Secretary of the Treasury, Andrew Mellon, every time he helped reduce income taxes, inheritance taxes, and other taxes.

Four tax reduction bills came before the Congress and were passed, and we applauded the Secretary as the greatest Secretary in our history because he was reducing the taxes of the people in days of prosperity. I am prepared to state now, not for my party but as an individual, that I believe he made a gross mistake of judgment. It may have been good party politics, and it was good for the Republican Party at that time, but it was a gross mistake, as far as the welfare of our country was concerned, because it is evident now that the time to pay off debts, the time to levy income taxes, inheritance taxes, and so on, is when the country is prosperous and when those who make money can afford to pay. To-day when the Democrats come along and propose to broaden the income-tax base, increase the income taxes of poor people and of some of the richer people, they know it is just a political gesture and that they can not squeeze blood out of a stone; that they can not raise any more money from income taxes in this country at the present time without practical confiscation. That is the alternative. That is the proposition so far made by some of the leading Democrats.

I have risen to-day simply to call the attention of this Congress to the fact that we have been in session for five weeks. We have six weeks more to go, and one thing which the people by and large are waiting for is to know how and when we propose to balance the Budget and restore confidence and permit the revival of business, which both parties are for and which 120,000,000 Americans are patiently and eagerly awaiting.

To do so we have got to make sacrifices. Just because—and I say it as one who is a friend of the American Federation of Labor, as one who believes in the 6-hour day and the 5-day week, as one who does not believe in reducing the pay of Federal employees below certain amounts, the poorly paid employees—just because the American Federation of Labor has come out against the sales tax it has frightened the Democratic Party, it has frightened the Democratic President elect, and it has frightened a good many Republicans. I state as a friend of the American Federation of Labor, who has been glad to agree with that organization on many of the major issues, that they and other like organizations will suffer from business depressions and unemployment equally with all the rest of the American people until we balance the Budget. If they oppose the sales tax, let them show where we can raise sufficient money without burdening the already overburdened taxpayers and retarding business. That is a fair question for me to submit to the Democratic leaders of the House, or to any other Democrats in the House, when I am through to answer: How do they propose to balance the Budget before the 4th of March? Not only are the Republicans waiting for their answer but the entire country is waiting for it. The Budget can be balanced; it can be balanced before we adjourn; but this House is under the control of the Democrats; you control all of the committees and all legislation. The country is waiting and has been waiting to find out how you propose to do it and when you propose to do it. These are the two questions I wish to ask—not merely how but when.

Mr. BLANTON. Mr. Chairman, will the gentleman yield for a question?

Mr. FISH. I yield.

Mr. BLANTON. I challenge my friend, the gentleman from New York, to point out a Congress in the last 50 years which in its short session has done more work than this short session of Congress, for in this short session so far we Democrats have passed more supply bills and held more hearings and now have marked up ready for introduction more big supply bills than any Congress in the same time has ever before passed in the short session. I give the gentleman a spread of the last 50 years.

Mr. FISH. If the gentleman is talking about the farm allotment bill that we have had under consideration the last

three or four days, that is nothing but a political gesture and a sales tax on food and clothing.

Mr. BLANTON. I am talking about all of the bills and the big supply bills and other bills we have already passed in the House.

Mr. FISH. I do not know of any other bill except the Philippine bill that we passed to-day other than the regular appropriation bills.

Mr. BLANTON. I am speaking about all of the bills we have held hearings on and have passed, including the big appropriation bills already sent over to the Senate.

Mr. FISH. That is the duty of every Congress; those bills must be passed at every short session of Congress, and I presume always have been.

Mr. BLANTON. We have most of the big supply bills passed and marked up right now ready for introduction.

Mr. FISH. Mr. Chairman, I decline to yield further.

We have taken up three or four days of the time of the House to discuss so-called farm-relief legislation which has no chance of being enacted into law, as it is unworkable, sectional, discriminatory, and a resurrection of populism worthy of Sockless Jerry Simpson. You Democrats have opposed the sales tax, yet you come along with a sectional farm relief bill which is nothing but a gigantic sales tax on wheat, cotton, hogs, tobacco, and peanuts. That has been your answer to the sales tax as a means of balancing the Budget which specifically omitted any sales tax on food or clothing. I again ask you to state where, when, and how you propose to balance the Budget before we adjourn on the 4th of March. [Applause.]

[Here the gavel fell.]

Mr. WRIGHT. Mr. Chairman, I yield 15 minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Chairman, the gentleman from New York has dropped into poetry on the burial of the sales tax. He has aligned all of the mourners and officials at that funeral. If it were not for the fact that I was always taught not to talk disrespectfully of the dead, I should hire some jackleg poet to write an answer on the proposition of who buried the Republican Party, how it was buried, and when it was expected ever to be resurrected. I will not indulge in that at this time, but it is a pertinent question that might be discussed with about as much profit as the gentleman's question on balancing the Budget.

The gentleman asks us to say how we are going to balance the Budget between now and March 4. The answer is that we can not do it by such legislation as the Democratic Party would stand for, because we would receive back from the White House exactly what we got on the Democratic measure for freeing the Philippines. The only way we could do it would be to pass it over the veto of the President, and we could not do it.

Another question that might be asked of the gentleman from New York is when the Budget became unbalanced, and who unbalanced it? When did the Republicans begin to holler about balancing the Budget? Not when it became unbalanced, although the Republican Party was in power in both Houses of Congress and in the White House, but after they had gotten it out of plumb to such an extent that there was a scraping of the bottom of the Treasury every time a bill was paid, and not until the Democrats organized the House did they begin to come out and ask us to undo what they had done to wreck the Treasury. Then what happened? I have been considering this question myself very seriously.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. I will yield for a brief question.

Mr. McCORMACK. I just wanted to say at this point that at the end of the fiscal year 1931 the deficit was \$903,000,000; for the 1932 fiscal year the deficit was \$2,801,000,000 plus.

Mr. STEVENSON. Yes; and all of that was going on with the Republican Party in power in both Houses of Congress and in the White House and able to provide the revenue with

which to pay the legitimate expenses of the Government. [Applause.]

Two ways are suggested to balance the Budget. One is by taxation increase, and we have now gone the limit in taxation where the income seems to decrease with every increase of the levy. Capital hides out, refuses to go into productive industry because it fears practical confiscation of the fruits of the industry in which it is invested and no substantial compensation for the use of capital and the risk incurred. The current depression emphasizes this fact. For the last 12 months short-term United States Treasury notes have been bought readily every time there was a sale, at a very low rate of interest, and the subscriptions were made many times over. On the other hand, commercial discounts with the Federal reserve banks have decreased from December 31, 1929, when they were \$646,000,000, to September 30, 1932, when they were \$331,000,000. (See Federal Reserve Bulletin of December, 1932, p. 781.)

Likewise, deposits decreased for the same period in all member banks from \$38,000,000,000 to \$28,000,000,000. People are not using credit of the banks because of the risk in business and the fear of drastic taxation. It is proposed now to place a further tax to bridge over the time when revival of business will cause a flow of currency into the Treasury. This, I fear, will only delay the return of that happy event when industry will begin to hum, labor will be employed, markets will be restored, and capital, freed from the shadow of confiscatory levies, will again inject blood into the anemic veins of business.

How can we avoid levying new taxes? The idea has come to me that we can do so by the use of the means now employed, but much less expensively. Instead of selling bonds on the market for short terms, as we are doing now and must continue to do for a while yet I fear, issue bonds, bonds of the United States, for 10 years, callable in two years at 1 per cent interest per annum, sell them to the Federal reserve banks, authorize those banks to issue Federal reserve notes based on these bonds—with which to pay for them—just as they can do under the Glass-Steagall bill, provide that the Federal reserve banks shall put 20 per cent gold reserve along with the bonds against the issue of such notes, declare it to be the policy of the Government that this shall be the method of balancing the Budget at such times as this, when the "fall down" of industry makes a deficit, then adjust the taxes so that in time of normal prosperity the increase will equal or exceed the outlay and accumulate a surplus when the years of prosperity come to care for the lean years, and bid capital and industry go on their ways with assurance that they know when they start the wheels to turning just what share of their profit will be exacted of them by the Government.

Some will cry out "flat money." The national banks have in circulation \$826,000,000 of notes secured only by United States bonds, most of them bearing only 2 per cent, and no gold reserve up at all. Only 5 per cent reserve "lawful money." No one says "flat money" about that. The national banks have the advantage that they get a high rate of interest on their bonds which are up for security, and they do not have to maintain a gold reserve. If the fear is expressed that our gold reserve would not hold out, I will say that our stock of gold is ample.

It was \$4,367,000,000 on November 30, 1929; \$4,571,000,000 on November 30, 1930; \$4,414,000,000 on November 30, 1931; \$4,338,000,000 on November 30, 1932.

You will see that it is absolutely constant in volume from season to season, and can be relied on, as it has shown this during this prolonged paralysis of business. Federal reserve notes outstanding now, or when the December reports were made, were \$2,675,000,000, and 40 per cent reserve on that is \$1,070,000,000, leaving \$3,368,000,000. There is \$150,000,000 of that held as a reserve for greenbacks, silver certificates, and so forth, outstanding, leaving \$3,118,000,000. Now, if it took \$2,000,000,000 notes to put us across the business revival, with 40 per cent reserve, it would take only \$800,000,000 to cover it, leaving \$2,318,000,000. My proposition is to make the reserve on these notes (and for that

matter all other notes which are based on United States bonds) 20 per cent. We have ample gold to cover the issue needed. Objection may be made to the low gold reserve. The \$826,000,000 national bank notes have no gold at all behind them, and they go. If a national bank note, secured only by United States 2 per cent bonds and 5 per cent "lawful money" is good, to be sure a Federal reserve note—an obligation of the United States—backed by United States bonds and 20 per cent gold, is good. In fact, the act of 1913, page 49, latest compilation of national bank act, section 313, provides that when a national bank desires to surrender its bonds and redeem its notes the Treasurer of the United States can require the Federal reserve banks to buy those bonds of the national bank, and then may issue to Federal reserve banks circulating notes to the full amount of the bonds without any reserve's being set up to care for them, except 5 per cent lawful money.

The law in force now will not expire until December 23, 1935. So the Congress has already expressed by statute its belief that a Federal reserve note backed only by United States bonds and 5 per cent lawful money is good and safe. Is it an imposition on the Federal reserve banks? No; it gets 1 per cent on the bonds for its trouble. Much of the money will be incidentally deposited for considerable periods with it, and as business revives the member banks will begin to borrow; they will have increased deposits, hence keep increased reserves, and the shadow of confiscation of the investments and fruits of industry by increased tax exactions will be removed. Speaking of deposits in member banks, they have declined from thirty-eight billion to twenty-eight billion from December 31, 1929, to September 30, 1932, which illustrates the paralysis in business and credits, and which will continue until the fear of the business of the country is allayed as to loss from further shrinkage in values and confiscation by taxation of the fruits of labor and earnings of capital which is risked to put labor to work.

Mr. Chairman, this is merely an outline of that which I conceive to be a sound, sane, and sensible way to put the Government out of this matter of selling \$1,250,000,000 of short-term bonds every year to pay the deficit and thereby enable capital, the people who would pay large income taxes, to acquire that which shelters them from paying their income tax and from paying a fair portion of the Government's obligations. Not only that but it will enable us in the next two or three years to fund the \$6,000,000,000 of short-term credits which within 18 months have got to be refunded, and to refund them by having the money issued by the Federal reserve banks and controlling its issuance paying 1 per cent instead of 4 per cent, as we are threatened with having to do if we fund this large indebtedness on long terms.

It is a serious question. Talk about business; talk about people engaging in enterprise. Why, the shadow of the tax gatherer is on the door of every enterprise in this country, brought about by the failure in the fat years to provide against the lean years, a failure which I lay at the door of the gentleman from New York who had to bring politics into the discussion here in connection with a merely business and financial question.

They are afraid to invest; they are afraid to embark; and the result is the factories of this country have their doors closed and their operators are with bare feet and almost unclad waiting around the mills for work which they can not get. We are asked to do something to unleash labor and unleash capital and let them get together and bring about a revival of business. Such a revival of business, with the present tax levies, will soon wipe out the deficit and fill the hole in the Treasury which has come about as the result of the mismanagement, Mr. Chairman, of our financial situation.

Mr. McSWAIN. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. McSWAIN. Knowing the gentleman's familiarity with banking precedents and his knowledge of economics, I wish to ask him if the indirect benefit from the proposal which he suggests whereby the volume of the circulating

medium will be increased will not be a rise in commodity prices which will stimulate business and induce the people to buy, thereby increasing the purchasing power of every class in the country and thereby getting business off the dead center, on account of which everybody in the country is now suffering?

Mr. STEVENSON. That will not be an indirect effect but the direct effect of it.

[Here the gavel fell.]

Mr. BARBOUR. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. FINLEY].

Mr. FINLEY. Mr. Chairman, I want to beg that nobody sitting on a back seat will call "louder" to me. If he is more anxious to listen to this speech than I am to make it, let him come down to one of these vacant seats here in front. To tell the truth, I do not think enough of this speech to strain my voice in making it in order to let him hear it.

Probably the most universal obsession of the people of this country to-day is that of economy in Government expense. I think many splendid Members of this House really have hypnotized themselves by continually repeating to themselves, and having repeated to them, that economy and balancing the Budget are the great duty and work of this session of Congress.

Now, I object to being a Trilby to some very eloquent Svengali of this House. I object to being hypnotized by a slogan of that kind. Some of us will remember that several years ago Doctor Coué, the famous French physician, visited this country and prescribed and taught other physicians his method of treatment, which was to have each one of his patients, on rising in the morning, say to himself twenty times, "Every day in every way I am getting better and better." Twenty times that formula must be repeated. At noon the same thing. At bedtime the same thing. It did have some effect. No doubt it helped many people, but the effect could not have been anything except autohypnotism.

As I said, I object to being hypnotized by somebody else, and I am not going to hypnotize myself. Somebody has said that any old propaganda will propagate if it finds a "propagooose," and that is true; but I object to being the propagooose for propaganda of that sort.

Economy in Government expense, important as it is, is not the biggest thing in this Congress or any Congress. It never has been and never will be. I would not minimize the importance of that at a time like this, but I do say, and I want it to be made a matter of record, that I do not regard the reduction of governmental expenses and the balancing of the Budget as the big work this Congress ought to do.

I am making this speech because a constituent of mine who has been hypnotized asked me to make a speech on reduction of Government expense. So this speech is by request. If it is not as good a speech as it ought to be, charge him with it and not me.

I want to say that no man on the floor of this House is more earnestly in favor of reduction of Government expense, where this can be done legitimately, than I am. No man appreciates more fully than I do the importance of balancing the Budget, but I have learned, and you gentlemen ought to have learned, and probably have by this time, that not everything that bears the stamp of economy really is economy. For instance, the sort of economy that saves at the spigot and wastes at the bung hole is not economy in any true sense. It is the wildest extravagance. The sort of economy that fails to take the stitch in time that will save nine by and by is extravagance and waste.

Let us distinguish. For instance, the man who, in this time of stress, fails to pay the premiums on his insurance policy and dies of a case of influenza, which is so prevalent throughout the country now, has been guilty, not of economy, but of waste, and the worst sort of waste. A constituent of mine down in Kentucky decided that he would economize on his coal bill. He cut in two his coal bill, the result of which was that he saved about twenty-five or thirty dol-

lars; but he had three cases of pneumonia in his family that cost him \$300. That was not economy.

A farmer friend down in my State decided to work his team of horses unshod, and one of them picked up a gravel. You farmers know what that means. You people from the cities probably do not. His horse picked up a gravel in one of his feet and was crippled the balance of the season. He fed the cripple, hired another horse for \$75, saved \$10 by failing to have his horses shod and lost probably \$100 as a result of such economy. Another illustration—you have heard the story, probably, of the Christmas tree that the animals had. The animals of the fields and forests had a Christmas tree, which was a very elaborate affair. All of them got presents. Mr. Mule got a present along with the balance of them. He picked it up, ambled off into the woods with it and came back without it. Mr. Fox said to him, "Brother Mule, what did you do with your Christmas present?" "Oh," he said, "I hid it." "Why did you hide it?" "Oh, I am going to save it." "Well, what are you going to save it for?" "Why, I am going to save it for my children." "But," Mr. Fox said, "Brother Mule, you are not going to have any children." "Well," he said, "in that case it will do just as well for my grandchildren." [Laughter.]

I think I see in a lot of the propaganda that is current, and hear in a lot of the speeches on this floor just this kind of economy, and against this kind of economy I protest.

I will go along in cutting to the bone in reducing Government expenditures, in so far as this can be done without crippling the needful and necessary Government operations. Any economy that goes further than this is waste and nothing but waste.

The bill that is now under consideration brings me to what I really want to say, which is that the big duty of this Congress and of every Congress is not so much to levy taxes, not so much to balance the Budget, not so much to reduce Government expenses. The big duty of every Congress since this Government was established until now and what will be the big duty of every Congress from now on is to protect and preserve the institutions that our fathers founded, to protect the people in this land in the enjoyment of the right of life, liberty, and property, and to protect the territory which constitutes the United States of America.

This is the big duty, and not much is being said about it. We are lost in a maze of arguments as to how to balance the Budget and how to abolish the depression and all that sort of thing, and we seem to forget the fact that the first and most important duty we have is to guard the institutions and the territory and the people of the United States. [Applause.]

[Here the gavel fell.]

Mr. WRIGHT. Mr. Chairman, I yield two minutes to the gentlewoman from New Jersey [Mrs. NORTON].

Mrs. NORTON. Mr. Chairman, as chairman of the District of Columbia Committee I am daily in receipt of appeals for help. I presume most of you know the condition in which many of the people of the District are living. They have not sufficient clothing, they have not sufficient food, and it is very pathetic in the Capital of the Nation to hear stories of this kind in our offices daily.

This morning I received a letter which I think concerns every Member of the House, and I am going to make an appeal to you on the basis of this letter:

Mrs. NORTON: I am a volunteer worker on the clothes-conservation committee. The need for clothing is more urgent than I can describe, especially for men and boys. Every day we turn them away because we have none. Among a body of men like in the House, I have thought if only we could bring to their notice the great need for men's clothing, they may be glad to give some they have no need for.

I will gladly call for any, and all needed repairs will be made by us. Would be thankful to you if you could bring this before them.

At present we have a waiting list of 35 for overcoats.

Thanking you, I am,

EMMA W. POWELL,
435 Tenth Street NE.,

Member of the Relief Committee of the District of Columbia.

I think you will all agree with me there is seldom a time when we have not something we can spare for the less for-

tunate; and if any Member in this House will send some piece of discarded clothing, an overcoat or a suit or some underwear, or whatever he can spare from his wardrobe, to my office, I shall be very glad to take care of it and see that it reaches its proper destination. I thank you very much.

[Here the gavel fell.]

Mr. WRIGHT. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

INFLATION

Mr. PATMAN. Mr. Chairman, I want to say a few words about the Glass banking bill that is pending in another body. It is Senate bill 4412.

That bill, if enacted into law, will grant a monopoly that is worth billions of dollars to a few powerful bankers. I wish you would read the history of the Federal reserve act. I wish you would read the reports of the many monetary commissions and reports of committees on monetary affairs that have been made within the last 50 years, and you will discover very quickly after reading this bill in connection with those reports exactly what is attempted to be done.

BANKS ESCAPE INTEREST PAYMENTS

When the Federal reserve act was passed, section 16 provided that the Federal reserve agent, when he issues to a Federal reserve bank, a private institution, privately owned, an institution in which not one penny of stock is owned by the United States Government, shall collect from that privately owned institution an interest charge for the use of the Federal reserve notes that he delivers to the bank.

That provision of the law has never been made effective. The bankers contend that the excess profits above 6 per cent made by the bank go into the Treasury anyway, and therefore no initial interest charge should be collected, the excess profits being sufficient to pay the interest charge on the notes.

Later on it was discovered that the Government got no money for the use of the credit to the Federal reserve banks, because the Federal reserve banks had unlimited power to spend the money any way they chose. Of course, they had to have buildings and they built large buildings. Congress had to authorize it, but there were many other ways in which they could spend the money that they did not have to get authority from Congress to do.

After spending all the money they wanted to, then the excess has been going into the United States Treasury. Now they are coming back here in the Glass bill and asking you to repeal the clause which authorizes the United States to get the excess profits while using the Government credit. Think about that. Do you want to do it? Do you want to give this private institution this unlimited power and additional valuable franchise?

BLOCK GLASS BILL

There are many dangers in this bill. As one Member of the House representing one vote, and that is my own, I want to commend any United States Senator or any other person in official life who stands out opposing the passage of this legislation. It ought not to be passed, and I commend anybody for taking a stand against it.

CAPITALIZING ON DISTRESS

Imagine, while people are in distress as they are, these large banks coming in here and asking for relief. Some of them are at this time making a profit of 100 per cent on their capital stock. The fact is they are trying to take advantage of distress and poverty by coming in here and asking you to pass a bill under the pretense that you will be helping the people because it will save a few broke banks from going broke.

Mr. McCLINTIC of Oklahoma. Will the gentleman yield?

Mr. PATMAN. I will.

Mr. McCLINTIC of Oklahoma. I wish to announce that to-night at 7.30 in the Judiciary Committee room the committee that has been making a careful study of the currency question will bring their recommendations to the attention

of Members of Congress who desire to be present. Everyone is invited.

THE PRESIDENT RECOMMENDS BANKRUPTCY

Mr. PATMAN. The President of the United States has recommended one of the ways that we must finally agree on to get this country out of its present predicament. There are three ways to do it. One is by expansion of the currency, which is commonly referred to as inflation, one is by bankruptcy, and another is by some sort of a revolution. He has recommended that we not take inflation, but that the debtors should be speedily put into bankruptcy. He is willing for the debtor's property to be quickly divided between a few large creditors and a few influential lawyers. That is his recommendation. He promises bankruptcy without the stigma. Read his original recommendation that was made to Congress February 29, 1932, and then read the recommendation of a few days ago and be convinced of his real intentions. It is an effort to compel the people to adjust themselves to the present low prices and low wages. Inflation will be better than bankruptcy. Inflation will save the country. The people do not lose their homes by inflation; their homes are lost by deflation.

Get the CONGRESSIONAL RECORD of February 29, 1932, and you will find that the President recommended that there should be some speedy way of disposing of the cases of debtors where they could not pay their debts, and now he comes in and recommends that they go into bankruptcy, and that it be speedy bankruptcy through the courts, so that the large creditors can not have their progress impeded in taking the debtor's property by a few small creditors, so that a few large creditors and a few big lawyers will soon, under the President's plan, take over practically all the property in the United States. During the past 10 years a few of these large corporations, in order to escape and avoid the payment of income taxes, accumulated huge reserves and surpluses.

Under his plan, if enacted into law, they can take that money and buy out their competitors at a very small price.

INFLATION BETTER THAN BANKRUPTCY

Mr. Chairman, that is not the way to do it. We do not want bankruptcy or any sort of a revolution, whether it be political or otherwise; but we want this country to get back, and we have to give the people an opportunity to pay their debts with goods, commodities, stocks, and bonds that are priced somewhat upon the same basis as they were when these debts were contracted. Let us have inflation, if you want to call it inflation, although that is a bad word. The proper word is expansion of the currency; and if you will expand the currency, you will start this country back to where it will be some inducement to purchase goods. There is no inducement now. If you will cheapen the dollar and cause goods to rise in price, every merchant will get into the market, because he wants to buy as cheaply as he can; and as everybody, including customers, gets into the market; our country will come back, and it can not come back unless some system is adopted that will cheapen the dollar. Suppose you do cheapen it, what will it do? Suppose you get paid in these so-called cheapened dollars, instead of the dollars you now get, can not you take that dollar and buy just as much rent with it, can not you pay just as much in debts with it, can not you pay just as much in taxes with it, can not you buy just as much electricity with it and gas and water and everything else? Certainly you can—everything except a few commodities. That is the only way on earth by which you can reduce taxes and debts in this country. We have got to reduce the high purchasing power of the dollar; and until you do that, this country can not come back. Instead of adopting the plan proposed in the Glass bill to give a few large bankers a billion-dollar franchise that is permanent, instead of adopting the President's plan of putting everybody into speedy bankruptcy in order that the large creditors may soon distribute their assets, let us invoke some plan of expanding the currency so everybody will have a chance. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. WRIGHT. Mr. Chairman, I move the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. DRIVER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 14199, the Army appropriation bill, and had come to no resolution thereon.

LOANS TO FARM MORTGAGORS

Mr. AYRES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therewith a certain bill (H. R. 14138), providing for loans or advances by the Reconstruction Finance Corporation, through its regional credit corporations, to farm mortgagors to enable them to lower the rate of interest on their loans and secure the postponement of the foreclosure of farm mortgages for a period of two years, and for other purposes.

The SPEAKER. Is there objection?

There was no objection.

Mr. AYRES. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following House bill:

A bill (H. R. 14138) providing for loans or advances by the Reconstruction Finance Corporation, through its regional credit corporations, to farm mortgagors to enable them to lower the rate of interest on their farm-mortgage loans and to secure the postponement of the foreclosure of farm mortgages for a period of two years, and for other purposes

Be it enacted, etc., That the Reconstruction Finance Corporation is authorized and directed to make loans or advances through the agency of its regional agricultural credit corporations in the amount of \$1,000,000,000, or so much thereof as may be deemed necessary, to farm mortgagors, to enable them for a period of two years from the date of the enactment of this act (1) to make payment of interest on loans made to them and secured by their mortgages in an amount equal to the difference between the rate of interest agreed upon at the time such mortgage loans were made and 2 per cent per annum, and (2) to secure the postponement of foreclosures upon the mortgages securing such loans during such 2-year period in each and every instance in which the farm mortgagor is exercising reasonable diligence to meet his accruing interest and installment payments, and (3) to make payment of any delinquent taxes accrued against his mortgaged premises and in arrears more than one year, less interest and penalties, due the State, county, or municipality.

The amount of any such taxes shall constitute a paramount lien on the property of the taxpayers. Such loans or advances shall be made and on such terms and conditions as the Reconstruction Finance Corporation may prescribe, but no such loan or advance shall be made until the Reconstruction Finance Corporation is satisfied that all amounts so loaned shall be used solely for the purposes herein provided. No such loan or advance shall be made for the purpose of postponing such mortgage foreclosures as aforesaid in any State during any period within which the courts of such State are by law prohibited from taking jurisdiction over suits or proceedings for the foreclosure of such mortgages or deprived of their powers to sign foreclosure decrees on farm property.

Sec. 2. The Reconstruction Finance Corporation is authorized to make such rules and regulations as may be necessary to carry out the purposes of this act and to make the relief contemplated by this act immediately available.

Sec. 3. Any person who makes any material false representation for the purpose of obtaining any loan or advance under this act, or in assisting in obtaining any such loan or advance, shall, upon conviction thereof, be fined not more than \$1,000 or imprisoned not more than six months, or both.

ADJOURNMENT

Mr. WRIGHT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock p. m.) the House adjourned until to-morrow, Saturday, January 14, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Saturday, January 14, 1933, as reported to the floor leader:

MERCHANT MARINE, RADIO, AND FISHERIES

(10 a. m.)

Continue hearings on S. 4491, to regulate intercoastal carriers.

DISTRICT OF COLUMBIA—SUBCOMMITTEE ON FISCAL AFFAIRS

(10 a. m.)

H. R. 12784, fees to be charged by Recorder of Deeds.

H. R. 12074, license tax on retail merchants.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

859. A letter from the quartermaster general of the Grand Army of the Republic, transmitting the journal of the proceedings of the Sixty-sixth National Encampment of the Grand Army of the Republic, held at Springfield, Ill., on September 18 to 23, 1932 (H. Doc. No. 446); to the Committee on Military Affairs and ordered to be printed, with illustrations.

860. A letter from the president of the Chesapeake & Potomac Telephone Co., transmitting a report of the Chesapeake & Potomac Telephone Co. for the year 1932; to the Committee on the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. O'CONNOR: Committee on Rules. H. Res. 350. A resolution for the consideration of House Resolution 334, a resolution disapproving of several Executive orders grouping, coordinating, and consolidating certain executive and administrative agencies of the Government; without amendment (Rept. No. 1860). Referred to the House Calendar.

Mr. MANSFIELD: Committee on Rivers and Harbors. H. J. Res. 553. A joint resolution amending provisions in river and harbor laws relating to local cooperation in the prosecution of waterway improvements; without amendment (Rept. No. 1863). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. ANDREW of Massachusetts: Committee on Naval Affairs. H. R. 2771. A bill to authorize the Secretary of the Navy to dedicate to the city of Philadelphia, for street purposes, a tract of land situate in the city of Philadelphia and State of Pennsylvania; with amendment (Rept. No. 1861). Referred to the Committee of the Whole House.

Mr. WOODRUFF: Committee on Naval Affairs. H. R. 9446. A bill to authorize an exchange of lands between the city of San Diego and the United States; without amendment (Rept. No. 1862). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MALONEY: A bill (H. R. 14220) providing for a site and public building for a post office at Gretna, Parish of Jefferson, La.; to the Committee on Public Buildings and Grounds.

By Mr. ANDREW of Massachusetts: A bill (H. R. 14221) providing for a special canceling stamp bearing words which will impress upon our people the fact that the purchase of American goods will aid American workmen; to the Committee on the Post Office and Post Roads.

By Mr. BULWINKLE: A bill (H. R. 14222) providing for loans or advances by the Reconstruction Finance Corporation, through its regional credit corporations, to farm mortgagors to enable them to lower the rate of interest on their farm-mortgage loans and to secure the postponement of the foreclosure of farm mortgages for a period of two years, and for other purposes; to the Committee on Banking and Currency.

By Mr. SWANSON: A bill (H. R. 14223) to restore the 2-cent rate of postage on first-class mail matter; to the Committee on Ways and Means.

By Mr. SMITH of Idaho: A bill (H. R. 14224) authorizing certain contractual changes relating to the payment of certain construction costs of the Minidoka irrigation project; to the Committee on Irrigation and Reclamation.

By Mr. GRANFIELD: A bill (H. R. 14225) to sell the present post-office site and building at Springfield, Mass.; to the Committee on Public Buildings and Grounds.

By Mr. FRENCH: A bill (H. R. 14226) for the inclusion of certain lands in the national forests in the State of Idaho, and for other purposes; to the Committee on the Public Lands.

By Mr. SWANSON: A bill (H. R. 14227) to repeal the tax on bank checks; to the Committee on Ways and Means.

By Mr. GILBERT: A bill (H. R. 14228) to change the name of "Roosevelt Island" to "Theodore Roosevelt Island"; to the Committee on the Library.

By Mr. VINSON of Kentucky: Concurrent resolution (H. Con. Res. 46) authorizing the printing of additional copies of the preliminary report of the Committee on Ways and Means relative to double taxation; to the Committee on Printing.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H. R. 14229) for the relief of Robert J. Enochs; to the Committee on Claims.

Also, a bill (H. R. 14230) for the relief of Harold P. Mumbrue; to the Committee on Claims.

By Mr. CARY: A bill (H. R. 14231) granting a pension to Elizabeth Knight; to the Committee on Invalid Pensions.

By Mr. COCHRAN of Pennsylvania: A bill (H. R. 14232) granting an increase of pension to Terressa P. Hunter; to the Committee on Invalid Pensions.

By Mr. GUYER: A bill (H. R. 14233) granting an increase of pension to Mary L. Dumont; to the Committee on Invalid Pensions.

By Mr. LONERGAN: A bill (H. R. 14234) granting a pension to Thomas J. Killeen; to the Committee on Pensions.

By Mr. MARTIN of Oregon: A bill (H. R. 14235) for the relief of Alonzo M. Boyden; to the Committee on Military Affairs.

By Mr. PEAVEY: A bill (H. R. 14236) for the relief of D. E. Lamon; to the Committee on Claims.

By Mr. SABATH: A bill (H. R. 14237) for the relief of the legal heirs of the late William Hushka; to the Committee on Claims.

By Mr. SMITH of Virginia: A bill (H. R. 14238) for the relief of George W. Rhine, doing business under the name of Rhine & Co.; to the Committee on Claims.

By Mr. UNDERWOOD: A bill (H. R. 14239) granting an increase of pension to Hester Floyd; to the Committee on Pensions.

By Mr. GAMBRILL: Joint resolution (H. J. Res. 555) for the relief of Irwin D. Coyle; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9549. By Mr. AYRES: Petition of citizens of Wichita, Kans., in behalf of the stop-alien-representation amendment to the United States Constitution; to the Committee on the Judiciary.

9550. By Mr. CONDON: Petition of Byron J. Tucker, Arthur Gosselin, James J. Cleary, and 295 other citizens of Rhode Island, protesting against any repeal or modification of existing legislation beneficial to Spanish War veterans, their widows or dependents; to the Committee on World War Veterans' Legislation.

9551. Also, petition of Henry J. Bonin, Eric K. Nordquist, and 93 other citizens of Rhode Island, protesting against any repeal or modification of existing legislation beneficial to

Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9552. By Mr. CULLEN: Petition of Navy Post, No. 16, American Legion, 93 Park Avenue, New York City, urging Congress to provide for the same number of personnel and for the same authorized number of drills and active-duty cruising as was provided for the fiscal year 1931 for the Naval Establishment; to the Committee on Naval Affairs.

9553. By Mr. DELANEY: Petition of the R. J. Ederer Thread Co. of Philadelphia, urging the immediate enactment of House bill 13999; to the Committee on Ways and Means.

9554. By Mr. EVANS of California: Resolution adopted by the Board of Supervisors of the County of Los Angeles, State of California, on December 19, 1932; to the Committee on Banking and Currency.

9555. By Mr. FINLEY: Petition protesting against the repealing or weakening of the prohibition laws; to the Committee on the Judiciary.

9556. By Mr. GARBER: Letter from P. E. Courtney, national rehabilitation officer of the Disabled American Veterans of the World War, Enid, Okla., protesting against the administration of the Federal home loan bank act and the injustices of the relief policies being executed; to the Committee on Banking and Currency.

9557. Also, petition of the O. K. Co-Operative Milk Association (Inc.), Oklahoma City, Okla., indorsing the agricultural marketing act and the Federal Farm Board in its program of financing agricultural cooperatives; to the Committee on Agriculture.

9558. Also, petition of the Woman's Christian Temperance Union, Lamont, Okla., urging support of the prohibition laws; to the Committee on the Judiciary.

9559. By Mr. LAMBERTSON: Resolution of the Kansas Avenue Methodist Episcopal Auxiliary of the Woman's Home Missionary Society of Topeka, Kans., favoring the establishment of a Federal motion-picture commission, to declare the motion-picture industry a public utility, and urging the passage of Senate bill 1079 and Senate Resolution 170; to the Committee on Interstate and Foreign Commerce.

9560. By Mr. LANKFORD of Virginia: Petition of W. T. Pittman and others of Courtland, Va., asking relief from farm loans; to the Committee on Banking and Currency.

9561. By Mr. LINDSAY: Petition of the National Granite Commission, Boston, Mass., favoring the use of granite for the Federal courthouse building for New York City; to the Committee on Appropriations.

9562. Also, petition of the stone industry of Greater New York, favoring the use of limestone for the Federal courthouse in New York City; to the Committee on Appropriations.

9563. Also, petition of Navy Post, No. 16, American Legion, New York City, favoring support of our Navy and Naval Reserve in the appropriation bill; to the Committee on Appropriations.

9564. Also, petition of R. J. Ederer Thread Co., Philadelphia, favoring House bill 13999; to the Committee on Ways and Means.

9565. By Mr. MOORE of Kentucky: Petition of certain citizens of Bevier, Muhlenberg County, Ky., protesting against repeal, modification, or nullification of the eighteenth amendment; to the Committee on the Judiciary.

9566. By Mr. PERSON: Petition of Genesee County (Mich.) Pomona Grange, favoring the Sparks-Capper alien representation amendment to the Constitution; to the Committee on the Judiciary.

9567. By Mr. RUDD: Petition of Merchants Association of New York, opposing the passage of the agriculture domestic allotment bill; to the Committee on Agriculture.

9568. Also, petition of the Mengel Co., New York City, referring to containers' exemption in the proposed sales tax; to the Committee on Ways and Means.

9569. Also, petition of R. J. Ederer Thread Co., Philadelphia, Pa., favoring the passage of House bill 13999; to the Committee on Ways and Means.

9570. By Mr. SMITH of Idaho: Petition urging the enactment of the stop-alien-representation amendment resolution; to the Committee on the Judiciary.

9571. By Mr. STALKER: Petition of Rev. Asa A. Nichols and 20 other residents of Breesport, N. Y., urging support of the stop-alien-representation amendment to cut out aliens, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9572. Also, petition of Bertha W. Myers and 50 other residents of Horseheads, N. Y., urging support of the stop-alien-representation amendment to the United States Constitution to cut out aliens and count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

9573. By Mr. TREADWAY: Petition of citizens of Westfield, Mass., urging the adoption of the constitutional amendment to eliminate alien population in connection with future apportionments for congressional districts; to the Committee on the Judiciary.

9574. Also, petition of citizens of Williamstown, Fla., and North Adams, Mass., urging adoption of constitutional amendment to eliminate alien population in connection with future apportionments for congressional districts; to the Committee on the Judiciary.

9575. By the SPEAKER: Petition of the City Council of the City of Chicago, protesting against a proposed removal of river and harbor work from the jurisdiction of the Secretary of War; to the Committee on Expenditures in the Executive Departments.

SENATE

SATURDAY, JANUARY 14, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senator from Virginia [Mr. GLASS] is entitled to the floor.

Mr. FESS. Mr. President, will the Senator yield to enable me to make a point of no quorum?

The VICE PRESIDENT. Does the Senator yield for that purpose?

Mr. GLASS. I yield.

Mr. FESS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Johnson	Schall
Austin	Dale	Kendrick	Schuyler
Bailey	Davis	Keyes	Sheppard
Bankhead	Dickinson	King	Shortridge
Barbour	Dill	La Follette	Smith
Barkley	Fess	Lewis	Smoot
Bingham	Fletcher	Logan	Steiwer
Black	Frazier	Long	Swanson
Blaine	George	McGill	Thomas, Idaho
Borah	Glass	McKellar	Thomas, Okla.
Bratton	Glenn	McNary	Townsend
Broussard	Goldsborough	Metcalf	Trammell
Bulkley	Gore	Moses	Tydings
Bulow	Grammer	Norbeck	Vandenberg
Byrnes	Hale	Norris	Wagner
Capper	Harrison	Nye	Walcott
Caraway	Hastings	Oddie	Walsh, Mass.
Carey	Hatfield	Patterson	Walsh, Mont.
Connally	Hawes	Pittman	Watson
Coolidge	Hayden	Reynolds	Wheeler
Copeland	Hebert	Robinson, Ark.	White
Costigan	Howell	Robinson, Ind.	
Couzens	Hull	Russell	

Mr. HARRISON. I desire to announce that my colleague the junior Senator from Mississippi [Mr. STEPHENS] is necessarily detained from the Senate by illness. I will let this announcement stand for the day.

Mr. LA FOLLETTE. I wish to announce the unavoidable absence of the senior Senator from Minnesota [Mr. SHIPSTEAD].

I also wish to announce the absence of the senior Senator from Iowa [Mr. BROOKHART] on account of illness.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present. The Senate will receive a message from the President of the United States.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CLAIMS ARISING FROM EXPLOSIONS AT LAKE DENMARK, N. J.

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, submitting, pursuant to law, a report with his recommendations thereon of certain claims transmitted to him by the Secretary of the Navy covering property damage, death, or personal injury resulting from the explosions at the naval ammunition depot, Lake Denmark, N. J., on July 10, 1926, which, with the accompanying paper, was referred to the Committee on Claims.

PETITIONS AND MEMORIALS

Mr. BLAINE presented memorials of sundry citizens of Kimball, Nebr., remonstrating against the repeal or modification of the national prohibition law, which were referred to the Committee on the Judiciary.

Mr. DILL presented memorials signed by 579 citizens of College Place and vicinity, in the State of Washington, remonstrating against the passage of legislation to repeal or modify the national prohibition law, which were referred to the Committee on the Judiciary.

Mr. FESS presented a memorial of sundry citizens of Mount Vernon and vicinity, in the State of Ohio, remonstrating against the passage of legislation to repeal or modify the national prohibition law, which was referred to the Committee on the Judiciary.

Mr. VANDENBERG presented a memorial, numerous signed, of sundry citizens of Berrien Springs, Mich., remonstrating against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which was referred to the Committee on the Judiciary.

Mr. GOLDSBOROUGH presented resolutions adopted by the council of the Medical and Chirurgical Faculty of the State of Maryland, protesting against the expenditure of funds for hospitalization in Government hospitals of veterans with non-service-connected disabilities, and favoring a discontinuance of such service for non-service-connected disabilities throughout the Nation, which were referred to the Committee on Finance.

He also presented the petition of members of the Senior Woman's Missionary Society, Methodist Episcopal Church, of Frostburg, Md., praying for the passage of legislation to regulate the motion-picture industry, which was ordered to lie on the table.

Mr. COPELAND presented resolutions adopted by members of William Clinton Story Post, No. 342, the American Legion, Freeport, N. Y., favoring the making of appropriations to continue the citizens' military camps, which were referred to the Committee on Appropriations.

He also presented a resolution adopted by members of subdistrict 15-B, Dairymen's League Cooperative Association, of Wyoming County, N. Y., favoring the passage of legislation to revalue the dollar so as to make it conform more nearly with the average commodity price level prevailing between the years of 1924 and 1929, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Chamber of Commerce of Interlaken, N. Y., favoring the passage of legislation to regulate trucks and busses operating as common carriers in the same manner as railroads are regulated, which was referred to the Committee on Interstate Commerce.

Mr. CAPPER presented a petition of sundry citizens of Wichita, Kans., praying for the adoption of the so-called stop-alien-representation amendment to the Constitution, which was referred to the Committee on the Judiciary.